LISTING MEMORANDUM

U.S.$500,000,000

Oleoducto Central S.A.

4.000% Notes due 2027

The notes will bear interest at the rate of 4.000% per year. Interest on the notes will be payable on January 14 and July 14 of each year, beginning on January 14, 2021. The notes will mature on July 14, 2027.

At any time prior to May 14, 2027, we may redeem the notes, in whole or in part, at a redemption price equal to the greater of (1) 100% of the principal amount of the notes to be redeemed and (2) the applicable "make-whole" amount, plus, in each case, any additional amounts and accrued and unpaid interest to, but excluding, the date of redemption. At any time on or after May 14, 2027, we may redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus any additional amounts and accrued and unpaid interest, to, but excluding the date of redemption. See "Description of the Notes—Optional Redemption. We may also redeem the notes in whole but not in part, at a redemption price equal to 100% of the principal amount of the notes plus any additional amounts and accrued and unpaid interest to, but excluding, the date of redemption upon the occurrence of specified events relating to Colombian tax law, as set forth in "Description of the Notes—Optional Redemption—Withholding Tax Redemption." Upon the occurrence of a change of control repurchase event (as defined in "Description of the Notes"), we will be required to offer to repurchase the notes from holders at a purchase price in cash equal to 101% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest thereon (if any) and any Additional Amounts (as defined in "Description of the Notes") to, but excluding, the date of such purchase.

The notes will constitute our senior, unsecured and unsubordinated obligations and will rank *pari passu*, without any preferences among themselves, with all of our future senior, unsecured and unsubordinated obligations that constitute our external indebtedness (as defined in "Description of the Notes"). The notes will be issued only in registered form in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

We have applied list the notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF market of the Luxembourg Stock Exchange, thus, this listing memorandum constitutes a prospectus for the purpose of the Luxembourg law dated July 16, 2019 on prospectuses for securities, as amended. Currently, there is no public market for the notes.

Investing in the notes involves risks. See "Risk Factors" beginning on page 20 for a discussion of certain information that you should consider before investing in the notes.

The notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or the Securities Act. The notes may not be offered and sold within the United States or to U.S. persons, except to qualified institutional buyers, or QIBs, in reliance on the exemption from registration provided by Rule 144A under the Securities Act and to certain non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. You are hereby notified that sellers of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See "Plan of Distribution" and "Transfer Restrictions" for a description of the restrictions regarding the purchase and transfer of the notes.

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or the UK. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "IDD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation. References to Regulations or Directives include, in relation to the UK, those Regulations or Directives as they form part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 or have been implemented in UK domestic law, as appropriate.

The notes will not be authorized by the Colombian Superintendence of Finance (*Superintendencia Financiera de Colombia*) (the "SFC") and will not be registered under the Colombian Registry of Securities and Issuers (*Registro Nacional de Valores y Emisores)* or the Colombian Stock Exchange (*Bolsa de Valores de Colombia*) and, accordingly, the notes will not be offered or sold to persons in Colombia except in circumstances which do not result in a public offering under Colombian law and in compliance with Part 4 of Decree 2555 of 2010.

Price: 99.247% plus accrued interest, if any, from July 14, 2020.

The notes will be delivered in book-entry form only through the facilities of The Depository Trust Company, or DTC, and its direct and indirect participants, including Euroclear Bank S.A./N.V., or Euroclear, as operator of the Euroclear system, and Clearstream Banking, *société anonyme*, Luxembourg, or Clearstream, against payment on or about July 14, 2020.

Joint Book-Running Managers

BofA Securities **Citigroup**

July 27, 2020

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This listing memorandum has been prepared solely for use in connection with the proposed offering of the notes described in this listing memorandum. This listing memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the notes. You are not authorized to distribute this listing memorandum to any person other than a prospective purchaser and any person retained to advise such prospective purchaser with respect to a purchase, and you are prohibited from disclosing any of its contents without our prior written consent. Each prospective purchaser, by accepting delivery of this listing memorandum, agrees to the foregoing stipulations and to make no electronic or physical copies of this listing memorandum or of any documents referred to herein. We are responsible for this listing memorandum, and our principal executive offices are located in Bogotá D.C., Colombia, at Carrera 11, No. 84-09, 10th floor. To the best of our knowledge, the information provided in this listing memorandum is in accordance with the facts and contains no omissions likely to affect the import of this listing memorandum.

This listing memorandum is based on information provided by us and other sources that we believe to be reliable. This listing memorandum summarizes certain documents and other sources of information, and we refer prospective investors in the notes to those sources for a more complete understanding of the information contained therein. Copies of documents referred to herein will be made available to prospective purchasers upon request to us or the initial purchasers. This listing memorandum may only be used for the purposes for which it has been published.

Neither we nor the initial purchasers have authorized anyone to provide any information other than that contained in this listing memorandum. The initial purchasers and we take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. Neither we nor the initial purchasers are making an offer of the notes in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this listing memorandum is accurate at any date other than the date on the front cover of this listing memorandum.

By purchasing the notes, prospective purchasers will be deemed to have made the acknowledgments, representations, warranties and agreements described under the heading "Transfer Restrictions" in this listing memorandum. The notes will bear a legend referring to such restrictions. See "Transfer Restrictions." As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this listing memorandum entitled "Plan of Distribution" and "Transfer Restrictions."

There is currently no market for the notes being offered hereby and there can be no assurance that one will develop or, if one develops, that it will continue. We have applied to list the notes on the Official List of the Luxembourg Stock Exchange and to trade them on the Euro MTF Market of such exchange.

THE NOTES WILL BE SOLELY OUR OBLIGATIONS, AND THE HOLDERS OF THE NOTES WILL HAVE NO RECOURSE AGAINST OUR DIRECT OR INDIRECT SHAREHOLDERS, AND/OR AGAINST ANY OF SUCH SHAREHOLDERS' OR OUR OFFICERS, DIRECTORS, EMPLOYEES, MEMBERS OR MANAGERS WITH RESPECT TO OUR OBLIGATIONS UNDER THE NOTES AND THE INDENTURE GOVERNING THE NOTES.

You hereby acknowledge that you have been afforded an opportunity to request from us, and have received, all information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained herein, and you have had the opportunity to review all the documents described herein.

In making an investment decision, you must rely on your own examination of our business and the terms of the offering, including the merits and risks involved. You should not construe anything in this listing memorandum as legal, business or tax advice. Before investing in any note, you should consult with your own business, legal, accounting, regulatory and tax advisors to determine the appropriateness and consequences of an investment in the notes in your specific circumstances and arrive at an independent evaluation of the investment based upon, among other things, your own views as to the risks associated with the notes or us.

If your investment authority is subject to legal restrictions you should consult your legal advisors to determine whether and to what extent the notes constitute legal investments for you. Neither we nor any of the initial purchasers are making any representation to any purchaser of the notes regarding the legality of an investment in the notes by such purchaser under any legal investment or similar laws or regulations.

YOU SHOULD NOT DISTRIBUTE THE DOCUMENTS RELATING TO THE OFFERING OF THE NOTES IN COLOMBIA, OR THE INFORMATION CONTAINED THEREIN, EXCEPT UNDER CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFERING OF SECURITIES UNDER APPLICABLE COLOMBIAN SECURITIES LAWS OR REGULATIONS. NEITHER SHOULD YOU USE SUCH DOCUMENTS AND INFORMATION IN CONNECTION WITH ANY PUBLIC OFFER OF THE NOTES IN COLOMBIA. THE INITIAL PURCHASERS HAVE AGREED NOT TO OFFER OR SELL THE NOTES IN COLOMBIA, EXCEPT UNDER CIRCUMSTANCES WHICH DO NOT CONSTITUTE A PUBLIC OFFERING OF SECURITIES UNDER APPLICABLE COLOMBIAN SECURITIES LAWS AND REGULATIONS AND IN COMPLIANCE WITH PART 4 OF DECREE 2555 OF 2010.

THE NOTES HAVE NOT BEEN REGISTERED IN THE REPUBLIC OF COLOMBIA AND MAY ONLY BE EXCHANGED IN THE TERRITORY OF THE REPUBLIC OF COLOMBIA TO THE EXTENT PERMITTED BY APPLICABLE LAW.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION, NOR ANY STATE SECURITIES COMMISSION NOR ANY OTHER REGULATORY AUTHORITY IN THE UNITED STATES HAS APPROVED OR DISAPPROVED THE NOTES NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS LISTING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE NOTES WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAWS IN THE UNITED STATES. THEREFORE, THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON UNLESS THE OFFER OR SALE WOULD QUALIFY FOR A REGISTRATION EXEMPTION FROM THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD IN THE UNITED STATES ONLY TO QIBS IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT AND TO NON-U.S. PERSONS IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT. PROSPECTIVE PURCHASERS OF THE NOTES IN THE UNITED STATES THAT ARE QIBS ARE

HEREBY NOTIFIED THAT WE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

FORWARD-LOOKING STATEMENTS

This listing memorandum contains statements, principally in "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry and Regulatory Overview" and "Business" that constitute forward-looking statements. Many of the forward-looking statements contained in this listing memorandum can be identified by the use of forward-looking words such as "anticipate," "believe," "will," "could," "expect," "should," "plan," "seek," "intend," "estimate" and "potential," among others. These forward-looking statements are primarily based on current expectations and projections about future events and financial trends that affect, or may affect, our business, financial condition, results of operation, liquidity and prospects, and include, without limitation, statements regarding our expectations and estimates concerning our future financial performance; our financing plans and programs; our plans regarding capital expenditures; anticipated trends and competition; and the anticipated impact of legal and administrative proceedings. Although we believe that these forward-looking statements are based upon reasonable assumptions, these statements are subject to several risks and uncertainties and are made in light of information currently available to us. Investors should understand that the following important factors, in addition to those discussed in this listing memorandum, including in the sections entitled "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry and Regulatory Overview" and "Business" could affect our future results and could cause our results to differ materially from those expressed in such forward-looking statements:

- future growth and development of the oil transportation industry in Colombia, including the development of alternative pipelines or alternatives to transport crude oil;
- volatility in the price of crude oil;
- disruptions or slowdowns in the production of crude oil in Colombia;
- our ability to successfully complete our expansion projects;
- general economic conditions in Colombia, the United States, the European Union and other markets, including emerging markets, that, directly or indirectly, could affect our performance and international and Colombian political, economic and social developments;
- a reduction in the price of crude oil and a decrease in demand for pipeline transportation services;
- our level of indebtedness or our ability to generate sufficient cash flow to meet our debt service requirements;
- availability and cost of funding;
- our ability to meet any future capital requirements;
- the impact of any natural disasters or pandemics, such as the novel coronavirus known as "COVID-19," on our ability to provide our services to our customers, and the impact of any measures taken by the Colombian Government to address the crisis;
- the effects on the economy of Colombia of pandemics such as COVID-19 and its implications on global and regional economic growth prospects, supply chains, creditworthiness, and counter-party risks, as well as any disruption on logistical, operational and labor matters;
- loss of key personnel;
- our ability to sustain or improve our operating performance and implement our business strategies;
- our ability to realize our corporate strategy, plans, objectives and goals;

- our ability to realize the benefits of our acquisitions, capital expenditures and other investments;
- expected demand for our services;
- our future operating profit, net profit (loss), financial position, cash flows, capital expenditures, dividends, capital structure or other financial items or ratios;
- increases in our operating costs or our ability to meet efficiency or cost reduction objectives;
- unfavorable outcomes of legal actions and/or administrative proceedings involving us;
- foreign currency exchange fluctuations relative to the U.S. dollar or the Colombian peso and potential currency exchange control risks;
- the enactment of new and stricter regulations, including environmental, tax, judicial or administrative decisions or changes to interpretations of existing regulations in Colombia applicable to us and our business;
- our ability to maintain existing concessions and licenses, when applicable, or to obtain new concessions or licenses that may be required to provide our services;
- business interruptions or impairment of our assets;
- accidents, potential acts of terrorism, including cyber security attacks, vandalism, escalations of hostilities or other similar events that may affect the integrity of our assets or infrastructure;
- extreme weather conditions affecting the areas where we operate;
- assumptions underlying any such statements; and
- other statements contained in this listing memorandum regarding matters that are not historical facts.

Such forward-looking statements include expectations with respect to our business following the completion of the offering and speak only as of the date of this listing memorandum. Neither we nor any of the initial purchasers can assure prospective purchasers of the notes that these forward looking statements, estimates, assumptions or intentions will prove to be correct or that the information, interpretations and understandings on which they are based will prove to be valid. Our actual results may depend on factors beyond our control.

Neither we nor any of the initial purchasers undertakes any obligation to release publicly any revisions to such forward-looking statements after completion of this offering to reflect later events or circumstances or to reflect the occurrence of unanticipated events even if new information, future events or other circumstances have made them incorrect or misleading. In light of the risks and uncertainties underlying these forward-looking statements, there can be no assurance that the events described or implied in the forward-looking statements contained in this listing memorandum will in fact transpire. Accordingly, readers are cautioned not to place undue reliance on these forward looking statements.

In light of such limitations, you should not make any investment decision on the basis of the forward looking statements contained herein.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Statements

Our financial information contained in this listing memorandum is derived from our financial statements as of and for the year ended December 31, 2019, 2018 and 2017 which have been audited by Ernst & Young Audit S.A.S. (the "audited financial statements") and our unaudited interim financial statements as of March 31, 2020 and for the three months ended March 31, 2020 and 2019 (the "unaudited financial statements"). All references in this listing memorandum to "our financial statements" are to our audited and unaudited financial statements. We prepare our annual audited financial statements in accordance with the Accounting and Financial Information Standards Accepted in Colombia ("Colombian IFRS" or "Colombian Government Entity NCIF"). Colombian IFRS are based on the International Financial Reporting Standards ("IFRS") and its interpretations issued by the International Accounting Standards Board ("IASB") and other applicable legal provisions for entities supervised or controlled by the National Accounting Office (*Contaduría General de la Nación*). The accounting policies applied in the preparation of our financial statements differ in certain respects from IFRS as issued by the IASB. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Impact of Non-Application of Certain Provisions of IAS 12 – Income Tax."

EBITDA

This listing memorandum includes our earnings before interest, tax and depreciation and amortization, or EBITDA, which we calculate as net profit plus depreciation and amortization, income tax and financial (income) expenses, net. EBITDA is not a measure recognized under Colombian IFRS, does not have a standardized meaning and may not be comparable to similarly titled measures provided by other companies either in Colombia or in other jurisdictions. In addition, we have not calculated EBITDA in accordance with the guidelines adopted by the United States Securities and Exchange Commission on presentation of non-IFRS financial measures. We disclose EBITDA because we use it as a measure of our operating performance. EBITDA should not be considered in isolation or as a substitute for net profit or loss or as an indicator of operating performance or cash flow or as a measure of liquidity or our ability to service debt obligations.

Currency Information

In this listing memorandum, references to "Ps$," "Colombian peso" or "Colombian pesos" are to Colombian pesos and references to "U.S.$" or "U.S. dollars" are to United States Dollars, the functional currency under which we prepare our financial statements.

In this listing memorandum we have converted certain Colombian peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise indicated and other than information derived from our financial statements prepared in U.S. dollars in accordance with Colombian IFRS, peso amounts have been converted at the rate of Ps$4,064.81 per U.S.$1.00, which corresponds to the representative market exchange rate as of March 31, 2020, the last business day of the period reported in the unaudited financial statements. The representative market exchange rate is computed and certified by the SFC, the Colombian banking and securities regulator, on a daily basis and represents the weighted average of the buy and sell foreign exchange rates negotiated on the previous day by certain financial institutions authorized to engage in foreign exchange transactions. The SFC also calculates the representative market exchange rate for each month for purposes of preparing financial statements and converting amounts in foreign currency to Colombian pesos. Such conversion should not be construed as a representation that the peso amounts correspond to, or have been or could be converted into, U.S. dollars at that rate or any other rate. On March 31, 2020, the representative market rate was Ps$4,064.81 per U.S.$1.00.

Industry and Market Data

The information in this listing memorandum also includes statistical data regarding the Colombian crude oil and gas industry, including crude oil transportation logistics. We generated some of this data internally and we obtained some data from independent industry and governmental publications and reports that we believe to be reliable sources, including, among others identified herein, the National Hydrocarbon Agency (*Agencia Nacional de Hidrocarburos*) (the "ANH"), the Ministry of Mines and Energy (*Ministerio de Minas y Energía*) (the "MME"), the BP Statistical Review of World Energy 2019, or the 2019 BP Statistical Review, Argus Media price information and Wood Mackenzie Colombia Country Overview. We have not independently verified the data obtained from external sources nor sought the consent of any organizations, other than Wood Mackenzie Inc., to refer to their reports in this listing memorandum. We have not participated in the preparation or compilation of any of such information.

Rounding

Certain figures included in this listing memorandum and in our financial statements have been rounded for ease of presentation. Percentage figures included in this listing memorandum have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this listing memorandum may vary from those obtained by performing the same calculations using the figures in our financial statements. Certain numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them due to rounding.

Certain Definitions and Abbreviations

In this listing memorandum, except where otherwise indicated or the context otherwise requires, references to:

- "contracted capacity" means the amount of crude oil transportation capacity in kbpd (as defined below) that we have agreed to make available to shippers in the Ocensa Pipeline (as defined below) pursuant to our transportation agreements.

- "effective capacity" means the actual crude oil transportation capacity of all or a segment of the Ocensa Pipeline taking into consideration any factors that would impact transportation capacity.

- "AD600 Heavy Crude Project" means the project to increase the ability of the Ocensa Pipeline to accommodate extra heavy crude oils (up to 600 cSt viscosity).

- "Cenit" means Cenit Transporte y Logística de Hidrocarburos S.A.S., a wholly-owned subsidiary of Ecopetrol.

- "CLC" means Oleoducto Caño Limon Coveñas pipeline, a competitor pipeline to Ocensa.

- "DICOV" means the project to dilute crude oil in the Port of Coveñas.

- "Ecopetrol" means Ecopetrol S.A., the Colombian national crude oil and gas company and Colombia's largest producer of crude oil and gas.

- "FARC" means the Revolutionary Armed Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia*), a terrorist group in Colombia.

- "Fitch" means Fitch Ratings Inc. and its successors.

- "Hocol" means Hocol S.A., an oil and gas company in Colombia.

- "initial shippers" means Cepsa Colombia S.A., or CEPSA, Ecopetrol, Equión Energía Limited, or Equión, Santiago Oil Company, Talisman (Colombia) Oil & Gas, Talisman Santiago A.G., Talisman SO A.G., Total E&P Colombia, and Transporte & Marketing S.A.S. (or their respective successors and assignees), which have entered into transportation agreements with us dated March 31, 1995, as amended from time to time.

- “km” means kilometers.

- “Moody’s” means Moody’s Investors Service, Inc. and its successors.

- “OBC Reversion Project” means the joint project between us and Oleoducto Bicentenario (as defined below) that allows the temporary reversal of Oleoducto Bicentenario’s flow whenever it is inoperative.

- “Ocensa Pipeline” means the pipeline owned and operated by us pursuant to the Pipeline Concession (as defined below).

- “Oleoducto Bicentenario” or “OBC” means Oleoducto Bicentenario de Colombia, a competitor pipeline.

- “Oleoducto de Colombia” means Oleoducto de Colombia S.A., a competitor pipeline.

- “Oleoducto de los Llanos” or “ODL” means Oleoducto de los Llanos, an afferent pipeline.

- “Pipeline Concession” means the governmental concession granted to us to build, use, operate and exploit the Ocensa Pipeline and provide the public service of transporting hydrocarbons for a term of 50 years commencing on March 21, 1996.

- “Port Concession” means the governmental concession granted to us to build and operate a terminal facility in Coveñas to load crude oil for exportation and which expires in 2036.

- “Project Delta 35” means our expansion project, completed in 2014, which (i) added 35 kbpd and 40 kbpd of capacity to Segments II and III of the Ocensa Pipeline, respectively, bringing the total capacity of each of these segments to 610 kbpd and 415 kbpd, respectively, and (ii) increased the reliability of the Ocensa Pipeline.

- “Project Potencia 135” means our expansion project in 2016 that added an additional three stations and 135 kbpd of capacity to Segments I, II and III of the Ocensa Pipeline.

- “S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. and its successors.

- “TLU-2” means the tanking loading unit operated and administered by us in connection with the Port Concession.

- “TLU-3” means the tanking loading unit operated and administered by Ecopetrol in connection with the Port Concession.

- “UPME” means the Mining Energetic Planning Unit (*Unidad de Planeación Minero Energética*) of the MME.

- “we,” “ our,” “ us,” “ the company” and “Ocensa” mean Oleoducto Central S.A.

The following is a list of crude oil and natural gas measurement abbreviations commonly used throughout this listing memorandum:

bbl	Barrel with a capacity of 42 U.S. gallons
boe	Barrels of crude oil equivalent
bpd	Barrels per day
bph	Barrels per hour

cSt	Centistoke, equivalent to a viscocity of 1 mm^2 per second
kbpd	Thousand barrels per day
mbpy	Million barrels per year

SUMMARY

This summary highlights selected information contained elsewhere in this listing memorandum. This summary does not contain all of the information that you should consider before deciding to invest in the notes. You should read this entire listing memorandum carefully, including the information presented under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and notes thereto, before making an investment decision.

Overview

We are a crude oil transportation company incorporated on December 14, 1994 to design, build, operate and manage a crude oil pipeline transportation system. We own and operate the Ocensa Pipeline, the largest crude oil pipeline in Colombia, covering 836 km on land and 12 km underwater. The Ocensa Pipeline, our primary asset, was completed and became operational in 1998 and has a current capacity of 745 kbpd at the largest segment of the pipeline (Segment II), reflecting the completion of Project Potencia 135 in 2016. In 2019 and for the three-month period ended March 31, 2020, we estimate the Ocensa Pipeline transported approximately 66% and 64%, respectively, of Colombia's total production of crude oil, dilutents and condensates, and exported through the TLU-2, approximately 57% and 59%, respectively, of Colombia's national production of crude oil, dilutents, condensates and total crude oil for exports (excluding crude oil used to produce intermediate fuel oil and minor exports from third-party ports). The Ocensa Pipeline transports crude oil ranging from light crude oil and intermediate blends to heavy crudes, on behalf of crude oil producers, from Colombia's most prolific basins, including the Llanos basin and the Arauca basin, which in 2019 accounted for 69% and 6%, respectively, of Colombia's national production of crude oil, to the Port of Coveñas, Colombia's primary public crude oil export facility.

In 2019, our revenue and net profit totaled U.S.$1,556 million and U.S.$812 million, respectively, compared to U.S.$1,401 million and U.S.$670 million in 2018 and U.S.$1,325 million and U.S.$553 million in 2017, respectively, while our EBITDA totaled U.S.$1,348 million in 2019, compared to U.S.$1,166 million in 2018 and U.S.$1,079 million in 2017. For the three-month period ended March 31, 2020, our revenue and net profit totaled U.S.$363 million and U.S.$245 million, respectively, compared to U.S.$367 million and U.S.$225 million for the three-month period ended March 31, 2019, respectively, while our EBITDA totaled U.S.$321 million for the three-month period ended March 31, 2020, compared to U.S.$357 million for the three-month period ended March 31, 2019.

Our majority shareholder, with 72.648% of our equity, is Cenit Transporte y Logística de Hidrocarburos S.A.S., or Cenit, a wholly-owned subsidiary of Ecopetrol, the Colombian national oil and gas company and Colombia's largest producer of crude oil and gas. Ecopetrol has accounted for approximately 58% of Colombia's total crude oil production, on average, over the past five years according to the ANH and the Colombian Petroleum Association ("ACP"). Of our remaining equity, 22.352% is beneficially held by AI Candelaria (Spain) S.L., a joint venture held between I Squared Capital, through its private fund ISQ Global Infrastructure Fund II and Grupo Romero, two global private equity firms, which acquired the shares on February 7, 2020 from Advent International Corporation ("Advent"), while 5.000% is beneficially held by Darby Colpatria Capital, a private equity investment vehicle of Franklin Resources Inc. ("Franklin Templeton"), through a shareholding trust.

We derive our revenue from:

Shipments of Crude Oil via Ocensa Pipeline. We primarily derive our revenue (91% and 92% in 2019 and for the three-month period ended March 31, 2020, respectively) from tariffs charged to crude oil producers for the transport of crude oil through the Ocensa Pipeline, which we own and operate pursuant to a long-term concession agreement with the Colombian Government for an initial duration of 50 years, commencing in March 1996, and subject to renewal for an additional 20-year term thereafter. These tariffs are calculated in accordance with the methodology established by the Ministry of Mines and Energy and are structured to remunerate the pipeline operator at a specified rate of return, with additional returns permitted for improvements and expansions to pipelines, from which we have benefited following the completion of our recent expansion projects. Currently, tariffs are revised every four years (adjusted annually for macroeconomic changes, based on a weighted average between the U.S. Producer Price Index and the Colombian Consumer Price Index), providing us with predictable time horizons in which tariffs are fixed. The current tariffs will be reviewed pursuant to the procedure established by the Ministry of

Mines and Energy and they are expected to be valid until June 30, 2023. In addition, tariff rates for the transport of crude oil along segments of a pipeline resulting from expansion projects may be established by commercial agreements between the shippers and transporters and these tariffs will be applicable to all shippers that utilize the additional transportation capacity resulting from the expansion. Moreover, given that tariffs are determined independent of commodity prices, the Ocensa Pipeline has no direct commodity price exposure. See "Industry—Tariffs" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting Our Results of Operations—Tariff Regulation." and "Risk Factors—Risks Relating to Our Business and Industry—We are subject to change in tariffs established in accordance with the regulations of the Ministry of Mines and Energy and to non-competitive rates for the transportation of crude oil from Vasconia to Coveñas."

Operation of the Port of Coveñas. We also derive revenue (6% in 2019 and 6% for the three-month period ended March 31, 2020) from tariffs we charge for the transfer, operational storage and loading of crude oil for export at the Port of Coveñas, which we operate pursuant to the Port Concession, which expires in 2036.

Financial and Operational Data

The table below sets forth certain of our financial and operational highlights for the periods indicated:

	As of and/or for the three-month period ended March 31,		As of and/or for the year ended December 31,		
	2020	2019	2019	2018	2017
	(in millions of U.S.$, unless otherwise indicated)				
Revenue	363	367	1,556	1,401	1,325
Net profit	245	225	812	670	553
Net margin (1)	67%	61%	52%	48%	42%
EBITDA (2)	321	357	1,348	1,166	1,079
EBITDA margin (3)	88%	97%	87%	83%	81%
Outstanding debt (4)	500	500	500	500	500
Outstanding debt/EBITDA ratio (5)	0.39	0.37	0.37	0.43	0.46
Volume transported (in kbpd)	617	646	664	637	581
Utilization (%)	92%	96%	98%	94%	91%
Total transportation cash cost (6)	69	80	366	337	300
Number of employees	288	278	288	275	286

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(1) Net margin is calculated as net profit for the year divided by revenue for the period.

(2) EBITDA is calculated as net profit *plus* depreciation and amortization, income tax and financial (income) expenses, net. EBITDA is not a measure of financial performance according to IFRS or generally accepted accounting practices adopted in Colombia or the United States and should not be considered in isolation or as an alternative to net profit, as an indicator of operating performance, or to operating cash flows as an indicator of liquidity. EBITDA is not a standardized definition and the EBITDA definition presented herein might not be comparable to EBITDA used by other companies. EBITDA has certain limitations as a measure of our profitability in that it does not consider certain of our recurring costs that may have a significant impact on our net profit, including net financial expenses, taxes, depreciation, amortization and depletion. See "Presentation of Financial and Other Information—EBITDA." For a reconciliation of our net profit to EBITDA, see "Selected Financial and Other Information – Financial and Other Data."

(3) EBITDA margin consists of EBITDA for the period divided by revenue for the period.

(4) Outstanding debt is presented based on the nominal amount of debt, which corresponds to the U.S.$500,000,000 we have outstanding on our 4.000% notes due 2021.

(5) Outstanding debt/EBITDA is calculated as outstanding debt for the period divided by EBITDA for the period, except for EBITDA for the three months ended March 31, 2020 and 2019 for which it is presented on an annualized basis. Annualized EBITDA for each of the three-month periods ended March 31, 2020 and 2019 is derived by multiplying the total EBITDA for each of three month period by four. Our computations of annualized EBITDA may not be representative of our actual annual results. For a reconciliation of our net profit to EBITDA, see "Selected Financial and Other Information – Financial and Other Data."

(6) Total transportation cash cost is equivalent to our operational and administrative expenses for the period, comprising our maintenance and repairs, services, depreciation, personnel, leases, fees, amortization and other expenses.

Our Primary Assets

Ocensa Pipeline

As illustrated in the graphic below, the Ocensa Pipeline is strategically located near other important crude oil infrastructure, including the two largest refineries in Colombia, the Cartagena refinery and the Barrancabermeja refinery:

Source: Company information.

The Ocensa Pipeline, which became operational in 1998, passes through 45 municipalities in six Colombian states (known in Colombia as *departamentos*), and comprises:

- 10 stations (for the storage, pumping, pressure reducing and boosting of crude oil),
- a base for coordination of maintenance activities in the city of Tunja,

- tanks for the storage of up to 4.3 million barrels of crude oil, and
- a control center located in the city of Bogotá.

The Ocensa Pipeline is located between two and four meters underground, reducing its exposure to potential attacks.

As set forth in the table below, the Ocensa Pipeline is divided into four segments ending in the Port of Coveñas.

Segment	Route	Length	Diameter	Transport Capacity	% of Total Revenue Derived from Segment in 2019
		(in kilometers)	*(in inches)*	*(in bpd)*	
Segment 0	Cupiagua – Cusiana	39	16	198,000	0.3%
Segment I.............	Cusiana – El Porvenir	33	30	745,000	5.4%
Segment II	El Porvenir – Vasconia	287	30 – 36	745,000	57.2%
Segment III	Vasconia – Port of Coveñas	477	30	550,000	30.4%
Port of Coveñas	Port of Coveñas	12	42	25 time slots per month to load tanker vessels	6.7%

Port of Coveñas

Our assets at the Port of Coveñas comprise both onshore facilities located within the port and offshore facilities located in the Gulf of Morrosquillo and provide us with storage, transfer and export capabilities. For the three-month periods ended March 31, 2019 and 2020, approximately 50% and 56%, respectively, of the liquid bulk cargo exported from Colombia was crude oil exported by us at the Port of Coveñas. The remainder of Colombian crude oil was exported mainly at the Ports of Cartagena, Pozos Colorados and Tumaco, according to proprietary information and information compiled from the ANH and the Superintendence of Ports and Transportation (*Superintendencia General de Puertos y Transporte*).

Republic of Colombia and Macroeconomic Environment

With a nominal gross domestic product, or GDP, of Ps$881.96 trillion in 2019, Colombia is the fourth largest economy in Latin America and, as the longest standing democracy in the region, has traditionally been one of the most stable economies in the region. Colombia achieved GDP growth rate of 3.3% in 2019, compared to 0.2% for Latin America and the Caribbean according to statistics by the National Administrative Department of Statistics (*Departamento Administrativo Nacional de Estadística*), or DANE, and the United Nations. For 2020, prior to the COVID-19 pandemic, DANE estimated GDP growth at 3.62%. The International Monetary Fund (the "IMF") has updated GDP growth outlook for Latin America, estimating an economic contraction of 5.2% for the region, and the Colombian Government has projected Colombia's GDP to contract 5.5% and enter its first recession in over two decades. For the three-month period ended March 31, 2020, Colombia reported GDP growth of 1.1%, primarily due to a 6.8% increase in the agricultural sector, however, this trend is likely to reverse as Colombia continues to feel the economic effects of the COVID-19 pandemic. As a consequence of the macroeconomic shock caused by the COVID-19 pandemic, the Colombian Government, with the prior favorable opinion of the Fiscal Rule Advisory Council (*Comite Consultivo de la Regla Fiscal*), determined to suspend the fiscal rule for 2020 and 2021. The estimated fiscal deficit for 2020 and 2021 is 8.2% and 5.1% of GDP, respectively.

Colombia's long-term public external indebtedness is currently rated investment grade by S&P, Moody's and Fitch. However, on March 26, 2020, S&P released a negative outlook on Colombia's long-term foreign currency issuer default rating while maintaining its BBB- rating. Furthermore, on April 1, 2020, Fitch Ratings downgraded Colombia's long-term foreign currency issuer default rating to BBB- from BBB with a negative outlook. On the other hand, Moody's has maintained Colombia's investment grade rating with a stable outlook since May 23, 2019.

We believe that a tax-friendly environment and improved security have helped to encourage an influx of international companies and foreign investment in Colombia. In recent years, Colombia has experienced increased political and economic stability, which has resulted in significant increases in foreign direct investment in the country from U.S.$2.1 billion in 2002 to an estimated U.S.$14.5 billion in 2019, according to yearly foreign direct investment statistics published by the Bank of the Republic of Colombia (*Banco de la República de Colombia*), or the Colombian Central Bank.

With respect to its crude oil and gas industry, Colombia is the third largest crude oil producer in South and Central America and the fifth largest holder of proven crude oil reserves in South and Central America, according to the 2019 BP Statistical Report. Since restructuring state-owned Ecopetrol and establishing the ANH in 2003-2004, Colombia has experienced increased exploration and production activity, with crude oil reserves having increased from 1,358 million bbl in 2007 to 2,041 million bbl in 2019 while crude oil production increased from 531 kbpd in 2007 to 886 kbpd in 2019. Crude oil production decreased to 873 kbpd for the three-month period ended March 31, 2020 compared to 892 kbpd for the three-month period ended March 31, 2019.

Competitive Strengths

We are well-positioned as a leading pipeline transporter of crude oil in Colombia and believe our main competitive strengths include

Significant and predictable cash flow resulting from favorable tariff regulations

Pipeline tariffs are calculated in accordance with regulations promulgated by the Ministry of Mines and Energy that allow us to negotiate the tariffs with our customers and that provide for subsequent annual adjustments for inflation. If these negotiations fail, independent experts will establish the tariff and annual tariff adjustment pursuant to a formula set forth in the applicable regulations. These tariffs are intended to remunerate pipeline owners at an adequate rate of return on the investments made in the pipeline system, including improvements and expansions to the pipeline, and reflect the opportunity cost of capital as well as the operating costs associated with the pipeline, allowing for additional returns to pipeline operators for any such improvements and expansions. Currently, tariffs are revised every four years (adjusted annually for macroeconomic changes, based on a weighted average between the U.S. Producer Price Index and the Colombian Consumer Price Index), providing us with predictable time horizons in which tariffs are fixed. Current tariffs are expected to be valid through 2023. In addition, pursuant to regulations currently in effect, tariff rates for the transport of crude oil along segments of a pipeline resulting from expansion projects may be established by commercial agreement between the parties, and these tariffs will be applicable to all shippers that utilize the additional transportation capacity resulting from the expansion. Moreover, given that tariffs are determined independent of commodity prices, the Ocensa Pipeline has no direct commodity price exposure. See "Risk Factors—Risks Relating to Our Business and Industry—We are subject to change in tariffs established in accordance with the regulations of the Ministry of Mines and Energy and to non-competitive rates for the transportation of crude oil from Vasconia to Coveñas."

As a result of these favorable Colombian tariff regulations, we have been able to generate significant levels of operating cash flow, as evidenced by measures such as our net profit of U.S.$812 million, U.S.$670 million and U.S.$553 million and EBITDA of U.S.$1,348 million, U.S.$1,166 million and U.S.$1,079 million, in each case, in 2019, 2018 and 2017, respectively. At the same time, our operating costs (fixed and variable costs, including administrative expenses, and operations and project expenses) were U.S.$367 million, U.S.$338 million and U.S.$301 million in 2019, 2018 and 2017, respectively. These factors have contributed to our favorable net margins of 52%, 48% and 42% and EBITDA margins of 87%, 83% and 81%, in each case, in 2019, 2018 and 2017, respectively. Our net profit for the three-month periods ended March 31, 2020 and 2019 was U.S.$245 million and U.S.$225 million, respectively. Our EBITDA for the three-month periods ended March 31, 2020 and 2019 was U.S.$321 million and U.S.$357 million, respectively, while our operating costs (fixed and variable costs, including administrative expenses and operations and project expenses) were U.S.$69 million and U.S.$80 million, respectively. Despite this EBITDA slowdown in the first quarter of 2020, largely attributable to lower transported volumes, given a decrease in the price of crude oil that affected Colombian crude oil production and the COVID-19 pandemic, we expect that our medium to long term performance will continue to reflect strong cash flow generation, low operating costs and high margins that allows us to self-fund a substantial portion of our capital expenditures and provide us with resources for the repayment of financings. We expect to continue using our cash flow generation capacity to fund our future capital expenditures without resorting to significant use of leverage.

Favorable market dynamics resulting from strong demand, expensive transportation alternatives and limited competition due to significant barriers to entry

Colombia has become an active crude oil and gas market in Latin America, with the Colombian Government having initiated several policies to encourage foreign investment in the Colombian crude oil and gas industry. According to the 2019 BP Statistical Report, Colombia is the third largest crude oil producer in South and Central America and the fifth largest holder of proven crude oil reserves, with such crude oil reserves having increased 1,358 million bbl in 2007 to 2,041 million bbl in 2019, while crude oil production increased from 531 kbpd in 2007 to 886 kbpd in 2019. Because of this growth, the continuous interruptions in the operation of the OBC-CLC pipeline system, and the poor state of ground transportation infrastructure, there has been an increase in the demand for crude oil transportation service through the Ocensa Pipeline. However, given the COVID-19 pandemic and the decrease in the price of crude oil, crude oil production decreased from 892 kbpd for the three-month period ended March 31, 2019 to 873 kbpd for the three-month period ended March 31, 2020. Since the recent Brent price of U.S.$19.33 per barrel on April 21, 2020, the price of crude oil has been increasing and we would expect crude oil production to follow that trend but cannot offer any assurance with respect thereto.

As the owner of the largest crude oil pipeline in Colombia, we benefit from limited competition from other pipelines and from other crude oil transportation alternatives. There are currently only six major crude oil pipelines in Colombia and we believe that our strategic position is evidenced by our estimates that, in 2019 and for the three-month period ended March 31, 2020, the Ocensa Pipeline transported approximately 66% and 64%, respectively, of Colombia's total production of crude oil, dilutents and condensates, and 57% and 59%, respectively, of the total exports of crude oil cargo from Colombia was exported by us through the TLU-2. Moreover, the primary initiatives of competitor pipelines, such as the OBC pipeline, are not expected to increase transportation capacity in the near term.

Significant barriers to entry exist for the development of new competitor pipelines, which are subject to strict government and environmental licensing that may require several years to obtain. These projects are also subject to construction risks, right of way permits and cost overruns, with the cost of building pipeline infrastructure having increased in recent years.

We face competition primarily from other pipelines systems (OBC pipeline and Caño Limon Coveñas pipeline), trucking and river barge transportation. However, all of these present different operational issues, such as non-programmed interruptions, state of infrastructure, vulnerability to weather changes and fleet availability, that we believe decrease their level of reliability and increase shippers' preference for Ocensa. As a result of these limitations, we believe that pipeline transportation will continue to be the preferred transportation method for Colombian crude oil and gas companies. As a result of these market dynamics, for the last three years, we have operated at near-full to full capacity and we believe that each of these favorable market dynamics will continue to drive our leading market positioning and support our revenue and cash flow growth over the near to medium-term.

Strategically located, high-quality assets

Measuring approximately 836 km on land and 12 km underwater, the Ocensa Pipeline is strategically located to benefit from the projected increased activity in the Colombian crude oil and gas industry. The Ocensa Pipeline currently transports crude oil from two of Colombia's most prolific basins, including the Llanos basin and the Arauca Basin, which collectively in 2019 and for the three-month period ended March 31, 2020 accounted for 75% and 76%, respectively, of Colombia's national production of crude oil to the Port of Coveñas, Colombia's primary crude oil export facility. We believe that because current oil and gas exploration in Colombia is concentrated in the Llanos and Middle Magdalena Valley basins, transportation systems running from these basins to export terminals, such as the Ocensa Pipeline, will become even more strategic to Colombian crude oil and gas companies. Moreover, the Ocensa Pipeline is strategically located near other important crude oil infrastructure, including the two largest refineries in Colombia, the Cartagena refinery and the Barrancabermeja refinery, which we believe will continue to drive demand for the Ocensa Pipeline.

In addition, our asset base is comprised of modern, high-quality stations and equipment. Our high-quality assets include state-of-the-art storage, pumping and pressure reducing stations, high capacity storage tanks and loading tanker vessels with individual upload capacities of up to 2 million barrels. We believe that the quality of our asset base provides us with distinct advantages over our competitors. For example, the Ocensa Pipeline is currently capable of handling crude oil of different qualities, ranging from light crude oil and mixtures to heavy crudes, allowing us to meet the evolving transportation demand of crude oil producers in Colombia. As we continue to invest in the Ocensa Pipeline, we believe that the quality of our assets will continue to provide us a competitive advantage.

Experienced management team

Members of our senior management team have many years of experience in the Colombian crude oil and gas industry in their respective areas of expertise, with a strong focus on financial performance and operational efficiency, and they are committed to attaining solid and sustainable financial results in a socially and environmentally responsible manner. Our management practices are also focused on our relationships with stakeholders (including our shareholders and current and prospective customers) so as to leverage our competitive position. We believe that the specialized experience of our professionals and their in-depth knowledge of our company and our stakeholders contribute significantly to our cost-effective and efficient operations. Our track record of growth with robust results over the last three years reflects the effectiveness of our management team, management systems and organizational culture.

Strong sponsorship from our controlling shareholders

We have committed controlling shareholders that include the leading Colombian crude oil and gas company, Ecopetrol, which owns 72.648% of our equity capital through Cenit, its wholly-owned subsidiary. Ecopetrol accounted for approximately 62% of Colombia's total crude oil production in 2019. We believe that the support of Ecopetrol gives us a competitive advantage, due to its market position within, and knowledge of, the Colombian crude oil and gas industry (including industry developments and trends) and its continuing support and long-term vision for growth in the Colombian crude oil pipeline transportation.

The strength of our operations and our business model have also attracted the investment interest of notable private equity firms. For example, on February 7, 2020, Advent sold its 22.352% minority interest in Ocensa (held through AI Candelaria (Spain) S.L's shares), to a joint venture formed by I Squared Capital, through its private fund ISQ Global Infrastructure Fund II and Grupo Romero. We expect that the joint venture will work closely with Cenit and our management team to support the continued growth of our business. See "—Corporate Structure."

We believe that our shareholders' commitment to both the Colombian crude oil industry and our success as an independent infrastructure company will provide unique future opportunities to expand our operations in Colombia through organic investments and partnership opportunities.

Proactive response to the current oil crisis

In response to the current oil crisis, where there has been (x) a supply imbalance due to a lack of agreement on production cuts between the Organization of the Petroleum Exporting Countries ("OPEC") and Russia, among others, and (y) a demand imbalance due to the COVID-19 pandemic, we released a series of measures designed to relieve the impact of the crude oil price drop on producers seeking to limit the impact of the current crisis on their production and therefore the level of usage of the pipeline. These initial measures were published in April 2020 and initially included (i) a set of differential volume discount ranges for transportation through the different segments of the Ocensa Pipeline and (ii) a temporary payment agreement that would allow the shipper to defer the payment of U.S.$1.00/bbl of their agreed tariff for two months or for up to six months (through a fixed principal amortization) with an additional interest charge. Although these initial measures were ultimately not adopted, we released a second set of measures such that the volume discounts were removed and the temporary payment agreements were modified to instead permit shippers to defer up to 50% of their agreed tariff payment, for any given month, for an initial period of six months subject to an interest charge, followed by a six-month period of principal payment installments subject to an interest charge. We are also evaluating temporary changes on our current transportation agreements on a case-by-case basis, including by approving temporary downward adjustments to the contracted volume of certain of our customers, with subsequent upward adjustments to reach the average contracted volume again. These efforts demonstrate our ability to create proactive solutions to address the impact of unprecedented events. See "—Recent Developments—Global Oil Prices and COVID-19" for further information.

Business Strategy

We intend to focus on achieving steady and sustained growth, keeping our costs competitive and building on our competitive strengths in order to maintain and improve our market. The principal components of our strategy are to:

Capture additional growth opportunities

We intend to focus on achieving further integration of the transportation system in Colombia and offering tailor-made solutions to crude oil producers in the country. We expect to focus on investments to increase the flexibility of the system in order to transport crude oil and blends of crude oil with different quality specifications, such as heavy and extra heavy crude oil or high sulfur crude oil. This flexibility should enable shippers to use less dilutent and therefore save on logistical costs. In addition, we believe this increased flexibility will enable us to attract new volume into the Ocensa Pipeline. Due to these and other factors, we believe we are especially well-positioned to act as a consolidator of the midstream sector in Colombia, building an integrated platform that maximizes investor returns.

Enhance our profitability and margins through gains in operational efficiency

We intend to continue to focus on increasing our operational efficiency in order to enhance our profitability and profit margins. We are focused on further improving the efficiency and sustainability of our operations by investing further in advanced pipeline transportation technologies and enhancing the capacity of our facilities in order to reduce per unit transportation costs. For example, we implemented Project PROTON, an integrated transportation platform aimed at further optimizing the pipeline planning process and implementing cost reduction opportunities in areas such as drag reducing agents ("DRA") and energy use, as well as by streamlining tasks that are currently performed manually. In order to achieve increased operational efficiency, we plan to focus on three pillars:

- *Consolidate our organizational development model to focus on efficiency and competitiveness*. We believe that we will further maintain our track record of improving cost efficiency through disciplined cost management policies and by leveraging our know-how and technical expertise. We will seek to consolidate standards of efficiency, safety and reliability throughout our organization, including continuous investment in the optimization of our operating processes by establishing challenging performance goals for our personnel.

- *Develop an asset repositioning program.* We intend to formulate and implement an asset repositioning program based upon technology designed to improve the maintenance, reliability and availability of our assets as well as foster environmental responsibility.

- *Strengthen our corporate governance to ensure operational excellence in the management of our projects.* We intend to reinforce and monitor the proper execution of our corporate governance principles (and foster compliance among our employees) in order to help eliminate management bottlenecks and inefficiencies that might hinder the successful completion of our projects.

Continue to identify and enter into new strategic partnerships

In order to increase our pipeline operations (either through expansion projects or through strategic acquisitions) while reducing our financial and operational risk, we intend to continue identifying and entering into relationships with new strategic partners within the Colombian crude oil and gas industry, including other pipelines owners and/or operators, private equity investors as well as upstream/downstream crude oil and gas companies. Currently, we are part of strategic partnerships with other pipeline operators, such as Oleoducto de Colombia, OBC and ODL, which allow us to continue to optimize our operations. We intend to continue to partner with well-established companies of domestic and international repute, including our controlling shareholders and potential customers, with which we may form joint ventures in order to allow us to gain market share and continue to take advantage of market opportunities in Colombia.

Continue our focus on health, safety, environmental awareness and social responsibility.

We intend to continue to improve our health, safety environmental awareness and social responsibility initiatives, which we believe to be essential to the sustainability of our operations. In particular, we will continue to promote a culture of prevention and emphasize continuous improvement risk management policies in order to:

- Ensure the health and safety of all employees associated with the operation of the Ocensa Pipeline and its surrounding communities, including through accident prevention programs and the strengthening of each of our worksites through worksite diagnostics;
- Create policies, through our "CARE" strategy, that focus on key stakeholder groups, such as our employees, the surrounding communities, our customers and government institutions, to address health, safety, environmental awareness and social responsibility concerns; and
- Promote environmental initiatives, including those directed towards:
    - soil protection and basins (geotechnical protection programs as well as erosion and landslide prevention, due to the heavy rains that affect the area surrounding the Ocensa Pipeline),
    - the reduction of emissions,
    - waste management,
    - water preservation and
    - biodiversity.

See "Business—Business Strategy" for additional information about our "CARE" strategy.

Recent Developments

Global Oil Prices and COVID-19

The disagreement on production cuts between OPEC and Russia since the beginning of March 2020, followed by the decision of Saudi Arabia to reduce its sale oil prices and increase its production to gain market share, negatively impacted the international reference prices for crude oil in 2020 to date. Furthermore, as a result of the COVID-19 pandemic and measures put in place to slow its spread, including the imposition of quarantines and medical screenings, travel restrictions and the suspension of many economic activities, we have seen and expect to continue to see substantial uncertainty in macroeconomic conditions with regards to lower prices and demand for crude oil, gas and related products. These recent global developments have resulted in a significant drop in the Brent crude oil price, with Brent crude reaching a low of U.S.$19.33 per barrel on April 21, 2020. This drop has affected exploration and production ("E&P"), companies, such as our main customer, Ecopetrol, that operate in the areas we serve. In particular, many of them, including Ecopetrol, have had to cut production in order to protect the cash flow and profitability of their operations. Recent statistics published by the ANH and the MME showed that national crude oil production in Colombia decreased by almost 87 kbpd from January through April 2020 and by 152 kbpd for the month of May 2020.

To address the potential impact on the level of usage of the pipeline resulting from the decreased production by our customers due to the decrease in the price of oil and reduced economic activity related to COVID-19, we implemented a series of measures designed to relieve some of the financial pressures on our customers. These initial measures were published in April and initially included (i) a set of differential volume discount ranges for transportation through the different segments of the Ocensa Pipeline and (ii) a temporary payment agreement that would allow the shipper to defer the payment of U.S.$1.00/bbl of their agreed tariff for two months or for up to six months (through a fixed principal amortization) with an additional interest charge. Although these initial measures were ultimately not adopted, we released a second set of measures such that the volume discounts were removed and the temporary payment agreements were modified to instead permit shippers to defer up to 50% of their agreed tariff payment, for any given month, for an initial period of six months subject to an interest charge, followed by a six-month period of principal payment installments subject to an interest charge. We are also evaluating temporary changes on our current transportation agreements on a case-by-case basis, including by approving temporary downward adjustments to the contracted volume of certain of our customers, with subsequent upward adjustments to reach the average contracted volume again. These efforts demonstrate our ability to create proactive solutions to address the impact of unprecedented events.

In addition, we have taken multiple health and security measures to safeguard the Ocensa Pipeline's continuous operation during the COVID-19 pandemic. For example, we have postponed all non-critical work on our infrastructure. We have also implemented rigorous health and security protocols in each of our 10 stations in an effort to protect the health of our employees and contractors, such as promoting telecommuting arrangements, encouraging social distancing and performing temperature checks. Furthermore, we maintain active communication with governors and mayors of the municipalities and areas in which we operate, which has allowed us to respond rapidly and implement adequate health and security measures to keep our employees safe while keeping our infrastructure fully operational. As of June 17, 2020, none of our employees have tested or reported testing positive for COVID-19.

In terms of the financial effect of these recent developments on us, as our customers' businesses depend substantially on international prices for crude oil, while our results of operations were in line with our expectations for the months of January and February 2020, the sharp decrease in oil prices in March 2020 resulted in a slight decrease in volumes transported through the Ocensa Pipeline. This volume decrease had an immaterial negative impact on our results of operations for the first quarter of 2020 in comparison to the first quarter of 2019. More specifically, even though we recorded a decrease in our revenue and EBITDA from U.S.$367 million and U.S.$357 million, respectively, during the three-month period ended March 31, 2019, to U.S.$363 million and U.S.$321 million in revenue and EBITDA, respectively, during the three-month period ended March 31, 2020, most of this decrease was unrelated to the oil price decrease and the COVID-19 pandemic. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Three Months Ended March 31, 2020 compared with the Three Months Period Ended March 31, 2019." We expect that our revenue, net profit, and EBITDA will be even further negatively impacted in the second quarter of 2020 as the volumes transported through the Ocensa Pipeline continued to decrease. We expect our cash flows from operating activities to decrease during the second quarter of 2020 as compared to the second quarter of 2019, in part because of a decrease in cash payments from some of our customers and an equivalent increase in accounts receivables from such customers based on the temporary deferral of payments as described above. However, as of the date of this listing memorandum, we do not expect the associated cash flow impact to be significant. In addition, we are actively working on a cost reduction program to protect our operating margin.

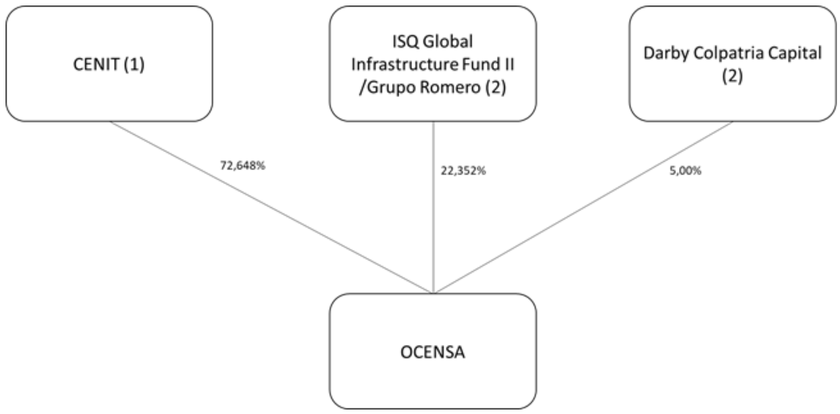
At this time, we cannot forecast the duration of the effects of COVID-19 on our business. In addition, while the price of crude oil has been increasing since the recent Brent price of U.S.$19.33 per barrel on April 21, 2020 and we would expect crude oil production to follow that trend, we cannot offer any assurance as to when the international price for crude oil will fully stabilize. Our future business results and financial condition will be impacted by the extent and duration of these conditions and the effectiveness of responsive actions that we and others take, including (i) our actions described above and the pressure exerted by the oil and gas industry to temporarily modify the current tariff setting methodology, (ii) in respect of oil supply, continuing cooperation between OPEC member countries, and (iii) in respect of COVID-19, new information that may emerge concerning the severity and duration of the outbreak, the pace of vaccine development, and the actions by national and international government authorities to contain the outbreak or treat its impact, among other things.

Dividend Payment

On June 18, 2020, our board of directors approved a proposal for the payment of a dividend in the aggregate amount of U.S.$245 million based on our results of operations for the three-month period ended March 31, 2020. This proposal is expected to be discussed and approved at a shareholders' meeting to be held in July 2020, with the dividend expected to be declared and paid in July 2020.

Corporate Structure

As of the date of this listing memorandum, we have no subsidiaries. The following diagram sets forth the equity interests of our shareholders in our company:



(1) A wholly-owned subsidiary of Ecopetrol.
(2) Shares held indirectly pursuant to a shareholding trust.

Our outstanding capital stock is fully subscribed and paid up, and it amounts to U.S$81.71 million as of March 31, 2020, represented by 5,159,000 shares with a par value of U.S.$15.84 each. All our outstanding shares are ordinary, nominative and confer upon their holders the same rights.

Corporate Governance

In support of our strong relationship with our controlling shareholders, we have established a thorough corporate governance structure to guide major decision-making. Central to this corporate governance structure is our shareholders' agreement, pursuant to which we have five board members, two of them independent. Our shareholders' agreement establishes significant decision-making approval processes, such as:

- Approval by a qualified majority of at least four board members of significant decisions, including:
    - our business plan and any amendments to the plan,
    - projects valued at over U.S.$100 million,
    - our involvement in new business lines substantially different from those contained in our business plan, and

- our issuance and placement of shares or other securities below their respective fair market value.

- Shareholder approval thresholds for certain significant decisions, including an 80% shareholder support threshold to sell any of our assets worth at least U.S.$50 million.

For additional information regarding our shareholders' agreement, see "Principal Shareholders—Shareholders' Agreement."

We have a corporate governance code, which applies to our management, employees, and shareholders. Our corporate governance code contains rules governing our board of directors and shareholders' meetings, composition of our board, compensation of executive officers, internal controls, risk management, committees of our board of directors, conflicts of interest and social responsibility, among other matters.

Brief History

In the early 1990s, crude oil deposits were discovered in the Cusiana and Cupiagua stations in the Llanos basin. At the time, Colombia had only the Oleoducto de Colombia and Oleoducto de los Llanos pipelines, owned by Ecopetrol, which could transport crude oil from these fields. The Colombia Pipeline, however, did not have sufficient capacity to meet the imminent increase in production from the Llanos basin following the discovery of the deposits.

In response to these developments, in December 1994, the owners of the producing fields (Ecopetrol, Triton Pipeline Colombia Inc., BP Colombia Pipelines Ltd. and Total Colombia Pipeline) as well as two Canadian companies with expertise in the transportation of hydrocarbons Enbridge Inc., or Enbridge, and TransCanada Corporation, or Transcanada, through IPL Enterprises (Colombia) Inc., or IPL Enterprises, and TCPL International Investments Inc., or TCPL International, respectively, incorporated our company in order to design, build, operate and manage a pipeline.

The Ocensa Pipeline was completed and became operational in 1998. By this time, production from the Cusiana and Cupiagua stations had reached production of nearly 500,000 bpd, three times the amount produced when we were incorporated in 1994.

By 2006, the Ocensa Pipeline had become an established transport system for crude oil of various types, successfully transporting heavy crude oil from the El Porvenir station to the Port of Coveñas. In 2008, the rise in crude oil prices increased production at the Castilla and Rubiales fields and we began transporting crude oil from these prolific fields to the Port of Coveñas.

In 2011, we completed Project 560, which expanded our transportation capacity to 560 kbpd in Segment II of the Ocensa Pipeline.

In 2013, our shareholders shifted our operational structure from a cost center to a profit center.

In December 2013, an investor group led by global private equity firm Advent, acquired a 22.352% minority interest in us through the purchase of our equity capital from our former shareholders Santiago, New Santiago, Total Colombia Pipeline and CEPCOLSA. Also in December 2013, Darby Colpatria Capital, a private equity investment vehicle of Franklin Templeton, announced its intention to acquire Inversiones Sol's 5% equity interest in us. The acquisition was completed on March 17, 2014.

In 2014, we completed Project Delta 35, which added 35 kbpd and 40 kbpd of capacity to Segments II and III of the Ocensa Pipeline, respectively, bringing the total capacity of each of these segments to 610 kbpd and 415 kbpd, respectively, and increased the reliability of the Ocensa Pipeline

In December 2016, we completed Project Potencia 135, which added an additional three stations and 135 kbpd of capacity to Segments I, II and III of the Ocensa Pipeline beginning in July 2017.

On February 7, 2020, Advent sold its 22.352% minority interest (held through AI Candelaria (Spain) S.L's shares), to a joint venture formed by I Squared Capital, through its private fund ISQ Global Infrastructure Fund II and Grupo Romero

Corporate Information

We are a mixed capital corporation (*sociedad de economía mixta*) incorporated on December 14, 1994 as a capital stock corporation (*sociedad anónima*) under the laws of the Republic of Colombia, and registered with the Mercantile Registry held by the Chamber of Commerce of Bogotá under the folio 00626260. Our principal executive offices are located in Bogotá, Colombia, at Carrera 11 # 84–09, 10th floor. Our telephone number is +571 325 0200. Our website address is www.ocensa.com.co. Information on our website is not incorporated into this listing memorandum and should not be relied upon in determining whether to make an investment in the notes.

Government Approval of this Offering

As a result of the Colombian Government's indirect interest in our equity capital, our indebtedness is subject to oversight by the Colombian Government. We have obtained the authorization required from the General Directorate of Public Credit and National Treasury (*Dirección General de Crédito Público y Tesoro Nacional*) of the Ministry of Finance and Public Credit (*Ministerio de Hacienda y Crédito Público*) for the issuance of the notes hereby offered. Such authorization is required under the public debt laws and regulations of Colombia whenever government-owned companies incur in foreign indebtedness. The Ministry of Finance and Public Credit issued Resolution No. 1378, dated July 3, 2020, pursuant to which it authorized us to take all actions aimed at incurring certain foreign indebtedness. In addition, the Ministry of Finance and Public Credit issued Resolution No. 1381, dated July 6, 2020, pursuant to which it authorized our issuance of the notes in accordance with the terms described under "Description of the Notes."

THE OFFERING

The following is a brief summary of certain terms of the notes. For a more complete description of the terms of the notes, including the covenants and events of default contained in the indenture, see "Description of the Notes" in this listing memorandum.

Issuer	Oleoducto Central S.A.
Securities Offered	U.S.$500.0 million aggregate principal amount of 4.000% Notes due 2027.
Issue Date	July 14, 2020.
Issue Price	99.247% of the principal amount of the notes, plus accrued interest, if any, from July 14, 2020.
Maturity Date	The notes will mature on July 14, 2027.
Interest	The notes will bear interest at the rate of 4.000% per year. Interest on the notes will be payable on January 14 and July 14 of each year, beginning on January 14, 2021. Interest on the notes will be computed on the basis of 360-day years comprised of twelve 30-day months and will be payable to the holders of record at the close of business on the 15th calendar day immediately preceding the corresponding interest payment date.
Ranking	The notes will be our senior, unsecured and unsubordinated obligations and will rank *pari passu*, without any preferences among themselves, with any present and all of our future senior, unsecured and unsubordinated obligations that constitute our external indebtedness (as defined in "Description of the Notes"). As of March 31, 2020, we had indebtedness with an outstanding principal amount of US$500 million, all of which was unsecured debt.
Repurchase of Notes upon a Change of Control Repurchase Event	We are required to make an offer to purchase all or any portion of outstanding notes held by holders upon the occurrence of a Change of Control Repurchase Event (as defined in "Description of the Notes") at a purchase price in cash equal to 101% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest thereon (if any) and any Additional Amounts (as defined in "Description of the Notes") to, but excluding, the date of such purchase. See "Description of the Notes—Certain Covenants—Repurchase of Notes upon a Change of Control Repurchase Event" and "Risk Factors—Risk Factors Related to the Notes—We may not be able to repurchase the notes upon a change of control repurchase event."
Optional Redemption at Par	At any time or from time to time on or after May 14, 2027 (two months prior to the Maturity Date) (the "Par Call Date"), we will have the right to redeem the notes, in whole or in part, on at least 10 days' but not more than 60 days' notice, at a redemption price equal to 100% of the outstanding principal amount of the notes to be redeemed plus accrued but unpaid interest (if any) on the principal amount of the notes to be redeemed and any Additional Amounts to, but excluding, the date of redemption. See "Description of the Notes—Optional Redemption—Optional Redemption at Par."
Optional Redemption with "Make-Whole" Amount	Prior to the Par Call Date, we may, at our option, redeem the notes, in

	whole or in part, at any time or from time to time prior to their maturity, on at least 10 days' but not more than 60 days' notice, at a redemption price equal to the greater of (1) 100% of the principal amount of such notes and (2) the sum of the present values of each remaining scheduled payment of principal and interest thereon as if redeemed on the Par Call Date (exclusive of interest accrued to, but excluding, the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined in "Description of the Notes") plus 50 basis points, plus in each case any Additional Amounts and accrued interest to, but excluding, the date of redemption. See "Description of the Notes—Optional Redemption—Optional Redemption with "Make-Whole" Amount."
Withholding Tax Redemption	In the event that, as a result of certain changes in law affecting Colombian withholding taxes, we become obliged to pay Additional Amounts, the notes will be redeemable, in whole but not in part, at our option at any time at 100% of the outstanding principal amount plus any Additional Amounts and accrued and unpaid interest to, but excluding, the date of redemption. See "Description of the Notes—Withholding Tax Redemption."
Certain Covenants	The indenture provides that the covenants set forth in "Description of the Notes," among others, are applicable to us: • Maintenance of corporate existence; • Provision of financial statements and reports; • Limitation on liens; and • Repurchase of notes upon a change of control.
Transfer Restrictions	The notes have not been, and will not be, registered under the Securities Act or under any state securities laws and are subject to certain restrictions on transfer and resale. There is currently no market for the notes and we cannot assure you that one will develop. See "Transfer Restrictions" and "Risk Factors—Risks Relating to the Notes—The notes constitute a new issue of securities for which there is no existing market, and we cannot assure you that you will be able to sell your notes in the future."
Use of Proceeds...	We expect the net proceeds from the sale of the notes to be approximately U.S.$494.31 million, after deducting the initial purchasers' discount and estimated expenses payable by us. We intend to use the net proceeds from this offering for the repayment of the U.S.$500,000,000 we have outstanding on our 4.000% notes due 2021 on or before maturity.
Further Issues	We may from time to time, without notice to or the consent of the holders of the notes, create and issue additional debt securities having the same terms (except for the issue date, the public offering price and the first interest payment date) and ranking equally and ratably with the notes offered hereby in all respects, as described under "Description of the Notes—General." Any additional debt securities having such similar terms, together with the notes offered hereby, will constitute a single series of securities under the Indenture; *provided* that if the additional notes are not fungible with the notes offered hereby for U.S.

	federal income tax purposes, the additional notes will have a separate CUSIP number.
Denomination and Form	We will issue the notes in the form of one or more fully registered global notes registered in the name of a nominee of DTC. Beneficial interests in the notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Clearstream and Euroclear, as operator of the Euroclear System, will hold interests on behalf of their participants through their respective U.S. depositaries, which in turn will hold such interests in accounts as participants of DTC. Except in the limited circumstances described in this listing memorandum, owners of beneficial interests in the notes will not be entitled to have notes registered in their names, will not receive or be entitled to receive notes in definitive form and will not be considered holders of notes under the indenture. The notes will be issued only in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Trustee, registrar, paying agent and transfer agent	The Bank of New York Mellon.
Listing	We have applied to have the notes listed or admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange.
Governing Law	State of New York, except that all matters relating to the authorization and execution of the indenture and the notes by us shall be governed by and construed in accordance with the laws of Colombia.
Risk Factors	Investing in the notes involves risks. See "Risk Factors" beginning on page 20 for a description of certain risks you should consider before investing in the notes.

SUMMARY FINANCIAL AND OTHER INFORMATION

The following summary financial information as of and for the years ended December 31, 2019, 2018 and 2017 has been derived from our audited financial statements, which are included elsewhere in this listing memorandum and have been prepared in accordance with Colombian IFRS. The summary financial information as of March 31, 2020 and for the three-month periods ended March 31, 2020 and 2019 set forth below has been derived from our unaudited financial statements included in this listing memorandum. This financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," our audited financial statements and our unaudited financial statements and, in each case, the related notes thereto.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations."

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	**2019**	**2019**	**2018**	**2017**
	(unaudited)				
	(in millions of U.S.$, except for per share data)				
Income statement data:					
Revenue from ordinary activities	$363	$367	$1,556	$1,401	1,325
Cost of sales	(60)	(71)	(326)	(296)	(261)
Operations and project expenses	(3)	(3)	(16)	(17)	(16)
Administrative expenses	(6)	(6)	(24)	(24)	(24)
Other operating income (expenses), net	0	42	42	(3)	(42)
Operating profit	**294**	**329**	**1,232**	**1,061**	**982**
Financial costs, net(1)	**25**	**16**	**(6)**	(9)	(31)
Financial expenses, net (2)	(2)	(3)	(13)	(16)	(18)
Exchange difference gain (loss), net	28	(5)	(14)	9	(10)
Other financial income (expenses), net (3)	(1)	24	21	(2)	(3)
Profit before income tax	**319**	**345**	**1,226**	**1,052**	**951**
Income tax expense	(74)	(120)	(414)	(382)	(398)
Net profit	**245**	**225**	**812**	**670**	**553**
Net profit per share	47.46	43.68	157.39	129.82	107.10

(1) Financial costs net, is the sum of financial expenses, net, exchange difference gain (loss), net and other financial income (expenses), net. See Note 25 to our unaudited financial statements and Note 26 to our audited financial statements.

(2) Financial expenses, net, reflect the sum of (i) financial costs and (ii) costs yields and interest. See Note 25 to our unaudited financial statements and Note 26 to our audited financial statements.

(3) Other financial (expenses), net reflects (i) default interests, (ii) other financial incomes (expenses), (iii) financial expense rights of use and (4) monetization. See Note 25 to our unaudited financial statements and Note 26 to our audited financial statements.

	As of March 31,	As of December 31,		
	2020	2019	2018	2017
	(unaudited)			
		(in millions of U.S.$)		
Balance Sheet Data:				
Current assets				
Cash and cash equivalents	243	441	239	236
Trade debtors and other accounts receivable, net	132	151	170	197
Inventories	35	38	24	—
Other assets	4	3	4	33
Total Current assets	**414**	**633**	**437**	**466**
Non-Current Assets				
Trade debtors and other accounts receivable, net	2	3	3	4
Other non-financial assets	1	—	1	—
Property, plant and equipment, net	1,452	1,487	1,551	1,595
Intangibles, net	54	54	24	15
Rights-of-use	15	12	—	—
Deferred tax assets	3	—	—	—
Total Non-Current Assets	1,527	**1,556**	**1,579**	**1,614**
Total Assets	1,941	**2,189**	**2,016**	**2,080**
Current Liabilities				
Debts and loans bearing interest	27	24	20	20
Trade accounts and other accounts payable	51	111	73	90
Tax current	190	174	105	171
Derivative financial instruments	75	—	25	—
Deferred revenues	2	4	5	7
Provisions	2	2	1	50
Total Current Liabilities	347	**315**	**229**	**338**
Non-Current Liabilities				
Debts and loans bearing interest	493	490	481	480
Trade accounts and other accounts payable	4	4	5	4
Tax liabilities	2	2	1	1
Deferred tax liabilities	—	65	61	82
Deferred revenues	1	1	3	8
Provisions and contingencies	26	50	44	32
Total Non-Current Liabilities	526	**612**	**595**	**607**
Total liabilities	873	**927**	**824**	**945**
Shareholders' equity				
Subscribed and paid-in capital	82	82	82	82
Legal reserve	41	41	41	41
Accumulated profits	881	1,045	992	928
Other comprehensive income	64	94	77	84
Total equity	1,068	**1,262**	**1,192**	**1,135**
Total liabilities and equity	1,941	**2,189**	**2,016**	**2,080**

	As of and/or for the three-month period ended March 31,		As of and for the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)				
	(in millions of U.S.$, unless otherwise indicated)				
Financial and Other Data:					
Amortization and depreciation	27	28	116	105	96
Net margin (1)	67%	61%	52%	48%	42%
Operating margin (2)	81%	90%	79%	76%	74%
EBITDA (3)	321	357	1,348	1,166	1,079
EBITDA margin (4)	88%	97%	87%	83%	81%
Outstanding debt (5)	500	500	500	500	500
Outstanding debt/EBITDA ratio (6)	0.39	0.37	0.37	0.43	0.46
Volume transported (in kbpd)	617	646	664	637	581
Utilization (%)	92%	96%	98%	94%	91%
Total transportation cash cost (7)	69	80	366	337	300
Number of employees	288	278	288	275	286

(1) Net margin is calculated as net profit divided by revenue, expressed as a percentage.

(2) Operating margin is calculated as operating profit divided by revenue, expressed as a percentage.

(3) We calculate EBITDA as net profit *plus* depreciation and amortization, income tax and financial (income) expenses, net. EBITDA is not a measure of financial performance according to IFRS or generally accepted accounting practices adopted in Colombia or the United States and should not be considered in isolation or as an alternative to net profit, as an indicator of operating performance, or to operating cash flows as an indicator of liquidity. EBITDA does not have a standardized definition and the EBITDA definition presented herein may not be consistent with EBITDA used by other companies. EBITDA has certain limitations as a measure of our profitability in that it does not consider certain of our recurring costs that may have a significant impact on our net profit, including net financial expenses, taxes, depreciation, amortization and depletion. See "Presentation of Financial and Other Information—EBITDA." For a reconciliation of our net profit to EBITDA, see "Selected Financial and Other Information."

(4) EBITDA margin is calculated as EBITDA divided by revenue, expressed as a percentage.

(5) Outstanding debt is presented based on the nominal amount of debt, which corresponds to the U.S.$500,000,000 we have outstanding on our 4.000% notes due 2021.

(6) Outstanding debt/EBITDA is calculated as outstanding debt for the period divided by EBITDA for the period, except for EBITDA for the three months ended March 31, 2020 and 2019 for which it is presented on an annualized basis. Annualized EBITDA for each of the three-month periods ended March 31, 2020 and 2019 is derived by multiplying the total EBITDA for each of three month period by four. Our computations of annualized EBITDA may not be representative of our actual annual results. For a reconciliation of our net profit to EBITDA, see "Selected Financial and Other Information – Financial and Other Data."

(7) Total transportation cash cost is equivalent to our operational and administrative expenses for the period, comprising our maintenance and repairs, services, depreciation, personnel, leases, fees, amortization and other expenses.

The following table sets forth the established tariffs for each segment of the Ocensa Pipeline and for the Port of Coveñas for the periods indicated:

	For the year ended December 31,		
	2019	2018	2017
		(in U.S.$/bbl)	
Segment 0	1.2728	0.5058	0.4923
Segment I	0.8092	0.5489	0.5387
Segment II	3.5584	3.4877	3.4185
Segment III	3.3907	3.0117	2.9533
Port of Coveñas	0.5086	0.5086	0.5086

RISK FACTORS

An investment in our notes involves a high degree of risk. You should carefully consider the risks and uncertainties described below and the other information in this listing memorandum before making an investment in the notes. The risks described below are not the only ones we or our investments in Colombia face in general, but are the risks that we currently consider material. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. Additional risks not presently known to us or that we currently deem immaterial may also impair our business, results of operations, financial condition and prospects.

Risks Relating to Our Business and Industry

Our results of operations are dependent upon the ability of Colombian crude oil companies to find, acquire or gain access to crude oil reserves (pursuant to valid concession agreements or otherwise), extract the crude oil and consequently transport additional volumes of crude oil.

As a transporter of crude oil for Colombian crude oil producers under both "ship or pay" and "ship and pay" agreements, our results of operations are dependent on the ability of crude oil producers to find, acquire or gain access to additional crude oil reserves (pursuant to valid concession agreements or otherwise) and subsequently transport additional volumes of crude oil. There can be no assurance that Colombian crude oil producers will be successful in the exploration, appraisal, development and commercial production of crude oil, or that they will obtain the same level of success as previously achieved.

In particular, it is not possible for Colombian crude oil producers to predict in advance of drilling and testing whether any particular prospect will definitely contain crude oil, or, if it does contain crude oil, it will be in sufficient quantities or quality to recover drilling or completion costs or to be economically viable. Regardless of the quantities in which any crude oil is found in prospects, construction costs of infrastructure, including crude oil pipelines or floating production systems, as applicable, and transportation costs may prevent the prospects from being economically viable. Colombian crude oil producers may terminate their drilling programs for a prospect if data, information, studies and previous reports indicate that the possible development of resources is not commercially viable and, therefore, does not merit further investment.

If the prospects of Colombian crude oil producers do not prove to be successful, we may experience a decrease in the volume of crude oil we transport through the Ocensa Pipeline, and our business, financial condition and results of operations would be adversely affected in a material way.

The business of our customers, which consists of Colombian crude oil producers, depends substantially on international prices for crude oil which are volatile.

Crude oil prices have traditionally fluctuated as a result of a variety of factors including, among others, competition within the international oil industry, long-term changes in the demand for crude oil (as further explained below), the economic policies in the United States, China and the European Union, regulatory changes, changes in global supply, inventory levels, changes in the cost of capital, adverse or favorable economic conditions, global financial crises, substitute sources of energy, development of new technologies, global and regional economic and political developments in OPEC, and the willingness and ability of OPEC and its members to set production levels, local and global demand and supply for crude oil, refined products and natural gas, trading activity in crude oil and natural gas, which thereby affects their respective margins, derivative financial instruments related to crude oil and gas; weather conditions, natural events or disasters, and terrorism and global conflict.

Beginning on March 6, 2020, OPEC and Russia ceased their cooperation in respect of crude oil prices and policies, leading to an oversupply in the market, which caused crude oil prices to fall sharply, by approximately 70% reaching a low of U.S.$19.33 per barrel on April 21, 2020. While a deal to cut production was implemented by OPEC and its allies on May 1, 2020, and oil prices have slowly been recovering, any further material or continued decline in the price of the crude oil our customers produce would materially adversely affect their business, results of operations and financial condition. Consequently, our customers may decrease the volume of crude oil they produce and subsequently transport through the Ocensa Pipeline, which may adversely affect our business, results of operations and financial condition given that we transport crude oil pursuant to certain of our transportation agreements under a "ship and pay" module based on existing capacity. See "—Our current transportation agreements are based upon the "ship and pay" module, which does not require that shippers transport a minimum volume of crude oil through the Ocensa Pipeline."

We may be unable to complete successfully our operational projects.

We intend to continue to develop the operations of the Ocensa Pipeline and the Port of Coveñas through operational projects, which we believe are critical to our success in maintaining our market position. The development schedules of our operational projects are subject to delays and cost overruns, which may prevent us from achieving our pipeline operational goals. Moreover, the costs to implement certain pipeline operational projects may fluctuate and costs associated with engineering, labor and construction depend on a number of factors that can be difficult to predict or measure at the initial stage of a project. We cannot guarantee that construction and operations schedules will evolve as planned without significant delays or cost overruns. Any such delays may increase the cost of a project and require additional capital, and there is no guarantee that additional capital will be available to us in a timely manner and on acceptable terms.

Our projects can be adversely affected by one or more factors generally associated with large-scale projects, including:

- shortages of equipment, materials and labor;
- fluctuations in the prices of construction materials, particularly steel; delays in the delivery of equipment and materials;
- labor disputes;
- political events;
- blockades and embargoes;
- litigation;
- adverse weather conditions;
- unanticipated cost increases;
- natural disasters;
- pandemics;
- accidents;
- unanticipated engineering complications;
- environmental or geological problems;
- sabotage, terrorist attacks and criminal activities; and
- other unforeseen events.

Any of the abovementioned or unforeseen factors may delay our projects or result in cost overruns, and, therefore we may be unable to meet with our pipeline expansion targets, which may have a material adverse effect on business, financial condition and results of operations.

We are vulnerable to the development of a viable market alternative to the transportation of crude oil through pipelines.

Currently, the transportation of crude oil through pipelines is the most efficient and reliable transportation method in Colombia, with transportation by trucking and barge the only other available alternatives. Should trucking transportation or barge transportation or other pipelines become more efficient or reliable, or the development of other efficient and economical transportation methods in Colombia, we may face increased competition as customers transport their crude oil through these alternative methods or competitors' pipelines, which may adversely affect our business, results of operations and financial condition in a material way.

The majority of our transportation agreements are based upon the "ship and pay" module, which does not require that shippers transport a minimum volume of crude oil through the Ocensa Pipeline.

As of the date of this listing memorandum, "ship and pay" transportation agreements represent approximately 603 kbpd of our current transportation capacity with "ship or pay" transportation agreements accounting for 145 kbpd.

Pursuant to our current "ship and pay" agreements with initial shippers, which expire in 2093, shippers are not required to ship a specified volume of crude oil. We, on the other hand, are required to make available to each shipper a specified contracted capacity irrespective of whether a shipper transports a volume of crude oil that is lower than the shipper's contracted capacity. To the extent that shippers with "ship and pay" contracts transport less crude oil than their contracted capacity, and provided that we comply with certain requirement, we may make this capacity available to other shippers without entering into long-term contracts. If the prospects of Colombian crude oil producers do not prove to be successful, we may experience a decrease in both the volume of crude oil from shippers with contracted "ship and pay" capacity and may not be able to sell such unused capacity to other shippers, and our business, financial condition and results of operations may be adversely affected in a material way.

We are exposed to the credit risks of our customers, and any material nonpayment or nonperformance by our customers could adversely affect our cash flow and results of operations.

Our customers may experience financial problems that could have a significant negative effect on their creditworthiness. Severe financial problems encountered by our customers could limit our ability to collect amounts owed to us, or to enforce the performance of obligations owed to us under contractual arrangements such as "reserved capacity" agreements though which winning bidders are required to prepay certain amounts due in order to reserve their transportation capacity. In addition, many of our customers finance their activities through their cash flows from operations, the incurrence of debt or the issuance of equity.

The combination of declining cash flows as a result of declines in commodity prices, a reduction in borrowing bases under reserve-based credit facilities and the lack of availability of debt or equity financing may result in a significant reduction of our customers' liquidity and limit their ability to make payments or perform on their obligations to us.

Furthermore, some of our customers may be highly leveraged and subject to their own operating expenses. Therefore, the risk we face in doing business with these customers may increase. Financial problems experienced by our customers could result in the impairment of our assets, a decrease in our operating cash flows and may also reduce or curtail our customers' future use of our products and services, which may have an adverse effect on our revenues.

A significant portion of our transportation volume, and consequently revenue, is concentrated among certain customers.

In 2019, our five largest customers by shipping volume accounted for approximately 93.9% of the volume of crude oil we transported along the Ocensa Pipeline, with Ecopetrol accounting for approximately 77.2% by itself. Consequently, these customers accounted for a significant portion of our revenue. If a number of these customers were to shift their transportation of crude oil to one of our competitors, for any reason or no reason, and we were unable to replace these customers with customers requiring similar transportation volumes, our business, results of operations and financial condition would be adversely affected in a material way.

We have entered and may continue to enter into certain significant transactions with affiliates or other related parties, which transactions may result in conflicts of interest.

We have entered and may continue to enter into significant transactions with companies controlled by Ecopetrol and affiliates of Cenit, including in respect of the transportation of crude oil produced by Ecopetrol. See "Business—Material Agreements," "Principal Shareholders—Shareholders' Agreement" and "Related-Party Transactions" for additional information about our related-party transactions.

Any such transactions may not be on terms as favorable as those we could have obtained or may be able to obtain with unaffiliated third parties. While we believe such transactions have been and will be negotiated on an arm's length basis, there can be no assurance that such transactions could not give rise to conflicts of interest that could adversely affect our financial condition and results of operations, and, as a result, impair our ability to make payments under the notes.

Adverse conditions in the financial or credit markets, or our inability to obtain adequate financing, may impair our capacity to operate our business and implement our strategy.

The implementation of our strategy, particularly in relation to any pipeline expansion opportunities, will require additional investment and will result in increased capital requirements, which may not be accompanied by an equivalent growth in our revenues.

Additionally, there may be an increase in our operating costs and administrative expenses, due to, among other things:

- expenses related to expansion,
- an increased cost of equipment,
- increased competition, requiring that we obtain additional funding, and
- an increased variable cost per barrel.

We intend to utilize bank financings, cash generated by our business and issuance of securities in the capital markets to meet our funding needs and there can be no assurance that such funding will be available or available to us on favorable terms, which are dependent upon factors outside of our control, including, but not limited to, Colombia's credit rating as well as economic and political downturns. Moreover, this funding, if available, may result in higher interest and amortization expenses, higher leverage and lower profits available to fund our strategy, including our expansion and continued investment in infrastructure projects. In addition, higher leverage may limit our ability to absorb competitive pressures and leave us more vulnerable to economic difficulties. If we are unable to generate or obtain sufficient additional capital in the future, we may be forced to reduce or delay our capital expenditures, sell assets or restructure our indebtedness, which could adversely affect our business, our results of operations and financial condition in a material way. If we are unable to obtain additional capital in the future to complete our expansion projects, our future cash flow may be severely hampered, which could adversely affect our business, results of operation and financial condition in a material way.

Moreover, any increase in the uncertainty regarding Ecopetrol's, our indirect controlling shareholder, ability to finance its investments may adversely impact investors' perceptions of our ability to finance our investments and, consequently, our ability to obtain additional financing in a material way.

In addition, pursuant to applicable regulations, the Ministry of Finance and Public Credit must authorize all indebtedness of governmental entities and companies in which the government holds a controlling interest, including our company. Consequently, we must obtain government authorization prior to entering into any financing arrangements. As such, our ability to obtain financing to fund our operations or expansion projects is subject to Colombian governmental policies and the Colombian Government's ability to timely approve any such financing. We cannot assure you that such authorizations would be granted in a timely fashion or at all, and any failure to obtain government authorization to obtain financing may adversely affect our business, results of operations and financial condition in a material way.

A new financial crisis (such as what is currently occurring as a result of the COVID-19 pandemic), volatility in prices in the oil and gas sector (as currently being experienced with the significant drop of the price of Brent crude in 2020 year to date), the spread in protectionist policies in or commercial disagreements among the United States, China and Europe, lack of consensus among OPEC members, the political uncertainty in the region, the discovery of corruption by governments and private companies in emerging markets and further geopolitical disruptions in the Middle East, which could involve developed countries and worsen risk perception with respect to the emerging markets could make it more difficult for us to access international and local capital markets to finance our operations and potentially refinance our debt maturities on terms acceptable to us. These conditions, along with significant write-offs in the financial services sector and the re-pricing of credit risk, can make it difficult for us to obtain funding for our capital needs on favorable terms. Access to credit and capital markets is also dependent on our credit ratings, which are mainly determined by our financial and operational strength, oil and gas market conditions and the support that could be provided by the Colombian Government.

We may be unable to capture new business opportunities that arise in connection with the discovery of new crude oil wells or production fields distant from the Ocensa Pipeline.

In an effort to identify new crude oil reserves, Colombian crude oil producers are currently exploring various fields throughout Colombia, including fields that are not proximate to the Ocensa Pipeline. To the extent major crude oil discoveries are made in fields that are not proximate to the Ocensa Pipeline and we are unable to expand the Ocensa Pipeline into these fields or develop new pipeline systems to accommodate any new discoveries, we would be unable to capture the additional opportunities provided by these discoveries.

We are subject to changes in tariffs established in accordance with the regulations of the Ministry of Mines and Energy and to non-competitive rates for the transportation of crude oil from Vasconia to Coveñas.

We primarily derive our revenue from tariffs charged to crude oil producers for the transport of crude oil through our pipeline. These tariffs are established through negotiations with our customers in compliance with rules and procedures established by the Ministry of Mines and Energy. If we are unable to reach an agreement with our customers, the tariff will be set by a panel of three experts and finally established by the Ministry of Mines and Energy. The established tariffs are then subject to an annual inflation adjustment and to mandatory revision every four years, which may increase or decrease the tariffs we charge shippers. In the event (1) the Ministry of Mines and Energy modifies the methodology pursuant to which our tariffs are regulated and any such modification reduces the tariffs we charge or (2) the Ministry of Mines and Energy decreases the tariff adjustment rate, our business, results of operations and financial condition may be adversely affected in a material way. In addition, we may face disagreement with certain of our customers as part of the tariff-setting process for a variety of reasons, including anti-competitive concerns.

In addition, our tariffs for the transportation of crude oil from Vasconia to Coveñas are U.S.$1.537 higher than those charged by our competitor, Oleoducto de Colombia, which may discourage our customers who are not obligated to ship a specified volume through the Ocensa Pipeline under the "ship and pay" contract module. A resulting decrease in volume would thereby adversely affect our business, results of operations and financial condition in a material way.

Moreover, recently the ACP, as representative of most of the private E&P companies with operations in Colombia, led a public debate regarding the impact of the crude oil pipeline transportation tariffs on E&P companies' operations and production, the reputation of Colombia as an investment destination for oil and gas companies and Colombia's relative competitiveness compared to its peers in the region. According to notes of the debate published by the ACP, E&P companies believe the current tariffs are a non-manageable cost that may represent up to 45% of a producer's total costs of operations, which may pressure these companies to lower production and renegotiate transport tariffs given low oil prices as well as the effects of the COVID-19 pandemic.

As a result, on March 2020 the MME issued a draft resolution for public comment, which aims to temporarily modify the current tariff setting methodology to provide for an alternative mechanism through which emergency tariffs may be set or modified to address unforeseeable economic deviations from the underlying assumptions in the current methodology. Additionally, we participated as an interested party in the action for annulment of the tariff setting regulation before the Council of State. See "Business—Legal and Administrative Proceedings—Administrative Proceedings—Action for Annulment of Tariff Regulation." Although we believe that the current tariff regulatory regime fairly compensates transporters for investments in pipeline infrastructure and related projects, to the extent that MME modifies the current tariff regime in a manner that reduces development and maintenance incentives for transporters, our business, results of operations and financial condition may be materially and adversely affected, which may impact our ability to repay our indebtedness, including the notes.

In June and July 2019, we received an administrative visit from the Superintendence of Industry and Commerce ("SIC"), the Colombian competition authority, during which the SIC requested and obtained information regarding tariff negotiations from us in the course of what was described by the SIC as a preliminary investigation process. We have not received notice as to the initiation of a formal proceeding or investigation from the SIC in connection with such a visit, and we have not received formal information as to the reasons for the abovementioned preliminary investigation process. In the event that the SIC initiates a formal investigation against us, and that we are found responsible for anticompetitive behaviors in the context of the tariff process, we may be subject to fines of up to 100,000 times the monthly legal minimum wage.

Furthermore, in June 2020, the MME launched a request for proposal (an "RFP") for a consulting process to carry out a study with the purpose of reviewing, adjusting, and updating the tariff setting methodology. As part of such RFP, the chosen firm will be required to prepare a document proposing improvements to the current methodology, and analyzing whether it would be possible to implement the proposed methodology during the current tariff period, currently in force until 2023. In the event that the MME modifies the methodologies pursuant to the results of the chosen consultant's study, and that these changes are implemented during the current tariff period, our business, results of operations and financial condition may be adversely affected in a material way.

Our concession agreements may not be renewed or may be terminated prior to their respective maturity dates.

We own and operate the Ocensa Pipeline and operate the Port of Coveñas pursuant to concession agreements executed with the Colombian Government. Pursuant to the Pipeline Concession, we may operate the Ocensa Pipeline through March 2046, subject to renewal for an additional 20-year term thereafter. However, the Pipeline Concession may be terminated prior to its termination date and the Colombian Government through the Ministry of Energy and Mines may exercise its right to purchase the assets comprising the Ocensa Pipeline at any time from March 2026 onwards. There can be no assurance that the Pipeline Concession will not be terminated prior to its termination date, that the Colombian Government will not exercise its right to purchase the Ocensa Pipeline assets or that any consideration we receive will sufficiently compensate us for the loss of these assets upon any such exercise. In accordance with Law 388 of 1997 and Decree 2150 of 1995, any compensation we would receive would be calculated by the Geographic Institute Agustín Codazzi (*Instituto Geográfico Agustín Codazzi*) or specialized entities authorized by the Real Estate Pricing Authority (*Lonja de Propiedad Raiz*) pursuant to an established formula and reviewed in accordance with Decree 1420 of 1998 in order to determine the fair value of these assets. Moreover, there can be no guarantee that we will be able to timely and efficiently identify substitute pipeline opportunities, if at all, or that these opportunities will provide similar returns in an adequate timeframe.

In addition, pursuant to its terms, the Port Concession will expire in 2036, subject to renewal upon mutual agreement of the parties for an additional 20 years. In the event the Port Concession is not renewed, the assets that comprise the port (currently held and operated by us) will revert to the Colombian Government with no further compensation due to us. Given the strategic importance of the Port of Coveñas to our pipeline operations, particularly with respect to exports of crude oil, the non-renewal of the Port Concession may adversely affect our business, results of operations and financial condition in a material way if we are unable to find an alternative on a timely basis, if at all.

For additional information regarding the Pipeline Concession and the Port Concession, see "Business – Material Agreements."

We have one primary supplier of drag reducing agents.

We utilize drag reducing agents (which in 2019 and for the three-month period ended March 31, 2020 represented 8% and 5% of our total costs, respectively) in connection with the operation of the Ocensa Pipeline. Drag reducing agents are additives in pipelines that increase pipeline capacity by reducing turbulence and therefore allowing the crude oil to flow more efficiently through the pipeline system. As of the date of this listing memorandum, we currently obtain drag reducing agents from one primary supplier. In the event this supplier is unable fulfill our drag reducing agent supply requirements, for any reason or for no reason, we may be required to obtain drag reducing agents from another supplier and there can be no guarantee that we will be able to do so at a reasonable cost and in a timely fashion. Any failure to obtain drag reducing agents for our pipeline operations may adversely affect our business in a material way.

Our operations are subject to certain operational risks that, if materialized, may result in the disruption or shutdown of our operation activities, as well as in damages to the environment and to third parties.

Transporting crude oil involves specific operating risks, some of which are beyond our control. Our operations may be curtailed, delayed or cancelled due to adverse or abnormal weather conditions, natural disasters, equipment failures or accidents, crude oil spills or leaks, shortages or delays in the availability or in the delivery of equipment, delays or cancellation of environmental licenses or other government authorizations, fires, explosions, blow-outs, surface cratering, pipeline failures, theft and damage to our transportation infrastructure, sabotage, terrorist attacks and criminal activities.

The occurrence of any of these operating risks could result in substantial losses or slowdowns to our operations, including injury to our employees, destruction of property, equipment and infrastructure, clean-up responsibilities, third-party liability claims, government investigations and imposition of fines, withdrawal of environmental licenses and other government permits, suspension or shutdown of our activities and loss of revenue.

The occurrence of any of these risks along the Ocensa Pipeline may materially and adversely affect our business, results of operations and financial condition.

Market trends in the composition of crude oil may render the Ocensa Pipeline less competitive.

The composition of market crude oil may change in response to evolving market standards and customer preferences. While the Ocensa Pipeline is currently capable of handling crude oil of different qualities, ranging from light crude oil and intermediate blends to extra heavy crudes, market standards for the composition of crude oil may evolve to ultra-heavy crude oil, which our pipeline cannot at present transport. In addition, the transport of higher quantities of heavy crude oil in relation to light or intermediate crude oils reduces the effective capacity of the Ocensa Pipeline, resulting in a lower volume of crude oil transported. If we are unable to modify the Ocensa Pipeline system to accommodate any such changes in the composition of market crude oil as a result of technological or financing limitations or otherwise, or the percentage of heavy crude oil to light/intermediate crude oils transported via the Ocensa Pipeline reduces its effective capacity, our customers may elect to transport crude oil through our competitors, and consequently, our results of business, results of operations and financial condition may be adversely affected in a material way.

We are exposed to equipment and transportation risks that could interrupt our operations and result in substantial liability.

We are subject to equipment and transportation risks that are common among oil and gas companies. For example, we encounter:

- equipment risk—*i.e.*, risk related to the adequacy and condition of the facilities, including equipment becoming obsolete, and

- transportation risk—*i.e.*, risk related to the condition of our pipeline, shipping of our crude oil products and vulnerability of other modes of transportation.

In particular, our business is subject to the risk of:

- pipeline explosions;
- oil spills and leaks;
- unexpected geological formations or pressures.

The occurrence of any these events could result in:

- personal injury or loss of life;
- substantial disruption to our operations;
- significant environmental damage resulting in remediation costs and expenses, claims, sanctions or fines;
- other significant damage to our property or the property of others; or
- a material adverse effect on our results of operations and financial condition.

In accordance with customary industry practice, we have purchased insurance policies covering certain risks. However, given the nature of our operations and inherent risks, these policies do not cover all potential liabilities that may result from these risks. We cannot assure you that we will continue to be able to obtain insurance policies at commercially reasonable prices and acceptable terms.

We may incur losses and spend time and money defending pending lawsuits and arbitrations.

We may incur losses and spend time and money defending pending litigation and administrative proceedings. We are currently a party to numerous legal proceedings relating to civil, administrative, environmental, labor and tax claims filed against us. These claims involve substantial amounts of money and other remedies. We have established provisions for all amounts in dispute that represent a probable loss in the view of our legal advisors and in relation to those disputes that are covered by laws, administrative decrees, decrees or court rulings that have proven to be unfavorable. As of March 31, 2020, we have established provisions of U.S.$3.75 million for legal claims, U.S.$2.66 million for administrative actions in which we are plaintiffs and, U.S.$1.09 million for a civil proceeding in which we are defendant.

In the event that claims involving a material amount were to be decided against us, or in the event that the losses estimated turn out to be significantly higher that the provisions made, the aggregate cost of unfavorable decisions could have a material adverse effect on our financial condition and results of operations. In addition, our management may be required to direct its time and attention to defending these claims, which could preclude them from focusing on our core business. Depending on the outcome, certain litigation could result in restrictions in our operations and have a material adverse effect on our business.

For additional information regarding our litigation and administrative proceedings, see "Business—Legal and Administrative Proceedings."

We are subject to extensive environmental regulations in Colombia and are under an obligation to comply with international environmental standards.

Our operations are subject to extensive national, regional and local environmental regulations in Colombia. These regulations establish, among other things, quality standards for hydrocarbon transportation, remedies for soil, water pollution and the general storage, handling, transportation and treatment of hydrocarbons in Colombia. Both the Ministry of the Environment and Sustainable Development (*Ministerio de Ambiente y Desarrollo Sostenible*) and the National Authority of Environmental Licenses (*Autoridad Nacional de Licencias Ambientales*) ("ANLA") routinely monitor and inspect our facilities and may decide to open investigations that may result in fines, restrictions on our operations or other sanctions in connection with potential non-compliance with environmental laws, licenses, permits, authorizations and requirements made by competent environmental authorities.

We are also subject to regional environmental regulations issued by the Regional Autonomous Corporations (*Corporaciones Autónomas Regionales*), which oversee compliance with each region's environmental regulations. If we fail to comply with any of these national or regional environmental regulations, we could be subject to administrative and criminal penalties, including warnings, fines and closure orders of our facilities

Environmental compliance has become more stringent in Colombia in recent years and, as a result, we have allocated a greater percentage of our capital expenditures for compliance with these laws and regulations. If environmental laws continue to impose additional costs and expenses on us, and as new laws and regulations relating to climate change become applicable to us, we may need to reduce our investments in strategic projects in order to allocate funds to environmental compliance. We are exposed to delays in administrative proceedings to obtain or modify environmental licenses before the ANLA, which can lead to cost overruns or to changes in our investment plans. These additional costs may have a negative impact on the profitability of the projects we intend to undertake or may make them economically unattractive, in turn adversely affecting our business, results of operations and financial condition in a material way.

Potential legislative and regulatory actions addressing climate change could significantly impact our industry and us, causing increased costs and reduced demand for oil and natural gas.

The 2015 United Nations Climate Change Conference adopted by consensus the Paris Agreement (which entered into force on November 4, 2016). The agreement deals with greenhouse gas ("GHG") emission reduction measures and targets limiting global temperature increases. It will require countries to review and "represent a progression" in their intended nationally determined contributions, which set emissions reduction goals every five years, beginning in 2020. International treaties together with increased public awareness related to climate change may result in increased regulation to reduce or mitigate GHG emissions.

Colombia ratified the Paris Agreement through Law 1844 of 2017, which has been in effect since July 14, 2017. Colombia has made substantial efforts to establish a regulatory framework that leads to reductions of greenhouse emissions, which include the creation of an inter-institutional coordination system for decision making on mitigation and adaptation to climate change (National Climate Change System (SISCLIMA)), the adoption of a national policy on climate change and the establishment of a carbon tax of U.S.$5.00 for each ton CO2 emmitted as a result of the combustion of natural gas, liquefied petroleum gas, coal, kerosene and jet fuel, diesel oil (ACPM), and fuel oil. Furthermore, through Law 1931 of 2018 Colombia enacted its Emission Trading Scheme ("ETS"), according to which the Ministry of Environment and Sustainable Development (*Ministerio de Ambiente y Desarrollo Sostenible*) must regulate permits and goals that must be accomplished by certain industries to comply with the national policy for climate change, the sustainable development goals and the Paris Agreement.

Compliance with legal and regulatory changes relating to climate change, including those resulting from the implementation of international treaties, may in the future result in declining demand for our services in the long-term. In addition, increased regulation of GHG may create greater incentives for use of alternative energy sources, rather than crude oil. Any long-term material adverse effect on the oil industry could adversely affect the financial and operational aspects of our business, which we cannot predict with certainty at this time.

Our operations are subject to social unrest disturbances, and security risks.

While in recent years our transportation system has not experienced a material attack and security conditions along our route have improved significantly as the military and police authorities have prioritized the protection of our assets, our activities are subject to vandalism that may disrupt, inconvenience or suspend our operations for an indefinite period of time. For example, in October 2015, we suffered an attack which generated a minor dent to our pipeline, without affecting the integrity of the pipeline, the continuity of our operations or causing environmental damage. Similarly, most recently in March 2019, an attempt to steal crude oil through the installation of an illicit valve was rapidly identified and remedied.

In addition, our activities are subject to social unrest, including protests from the communities surrounding our operations with respect to future projects or operations that may partially interrupt or disrupt access to our remote facilities. While this type of social unrest has decreased in recent years as a result an open dialogue with communities and local authorities, increased social and environmental awarenesss and the productive promotion of the Voluntary Principles on Security and Human Rights, we cannot assure you that any such improvement will be long-lasting or that any deterioration will not interfere with our operations.

Finally, we may extend the Ocensa Pipeline into areas classified by the Colombian Government as indigenous reserves (*resguardos*) and Afro-Colombian lands (*territorios colectivos*). We may not be able to begin such potential expansions until we complete a consultation process with affected minority groups that inhabit these lands. Generally these consultations take between four and six months, but may be significantly delayed if we cannot reach an agreement with the local communities. If our activities endanger the conservation and preservation of these cultural minorities or their identities or beliefs, we may not be able to expand our pipeline into these regions, which may adversely affect our business, results of operations or financial condition in a material way.

Our operations are subject to health and safety risks relating to our workforce and local communities.

Certain of our operations are located in remote regions of Colombia and are subject to health and safety risks that could affect our workforce. Under Colombian law and industrial safety regulations, we are required to implement health and safety practices that minimize risks and health issues faced by our workforce. Failure to comply with health and safety regulations may lead to investigations by health officials that could result in lawsuits or fines.

We may be required to incur additional costs and expenses to allocate funds to industrial safety and health compliance under Colombian law and industrial safety regulations. Additionally, if any operational incident occurs that affects local communities in nearby areas, we will need to incur additional costs and expenses in order to return affected areas to normality. These additional costs may have a negative impact on the profitability of the projects we may decide to undertake.

Natural disasters could disrupt our business and impact our results of operations and financial condition.

We are exposed to natural disasters in Colombia, such as earthquakes, volcanic eruptions, tornadoes, tropical storms, floodings, mudslides and hurricanes. In the event of a natural disaster, our disaster recovery plans may prove to be ineffective, which could have a material adverse impact on our ability to conduct our businesses, particularly if such an occurrence affects computer-based data processing, transmission, storage and retrieval systems or destroys customer or other data. In addition, if a significant number of our employees and senior managers were unavailable because of a natural disaster, our ability to conduct our businesses could be compromised. Natural disasters or similar events could also result in substantial volatility in our results of operations for any fiscal quarter or year.

Recent global developments in oil supply as well as the COVID-19 pandemic have negatively impacted, and may continue to negatively impact, our business.

The disagreement on production cuts between the OPEC and Russia since the beginning of March 2020, followed by the decision of Saudi Arabia to reduce its sale oil prices and increase its production to gain market share, have negatively impacted the international reference prices for crude oil in 2020 to date. Furthermore, as a result of the COVID-19 pandemic and measures put in place to slow its spread, including the imposition of quarantines and medical screenings, travel restrictions and the suspension of many economic activities, we have seen and expect to continue to see substantial uncertainty in macroeconomic conditions with regards to lower prices and demand for crude oil, gas and related products. These recent global developments have resulted in a significant drop in Brent crude prices, with Brent crude reaching a low of U.S.$19.33 per barrel on April 21, 2020. While a deal to cut production was implemented by OPEC and its allies on May 1, 2020, the situation has resulted in a significant downturn in the industry and continued volatility in oil prices.

As our customers' businesses depend substantially on international prices for crude oil, while our results of operations were in line with our expectations for the months of January and February 2020, the sharp decrease in oil prices in March 2020 resulted in a slight decrease in volumes transported through the Ocensa Pipeline This volume decrease had an immaterial negative impact on our results of operations for the first quarter of 2020 in comparison to the first quarter of 2019. More specifically, even though we recorded a decrease in our revenue and EBITDA from U.S.$367 million and U.S.$357 million, respectively, during the three-month period ended March 31, 2019, to U.S.$363 million and U.S.$321 million in revenue and EBITDA, respectively, during the three-month period ended March 31, 2020, most of this decrease was unrelated to the oil price decrease and the COVID-19 pandemic. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Three Months Ended March 31, 2020 compared with the Three Months Period Ended March 31, 2020." We expect that our revenue, net profit, and EBITDA will be even further negatively impacted in the second quarter of 2020 as the volumes transported through the Ocensa Pipeline continued to decrease. We expect our cash flows from operating activities to record a decrease during the second quarter of 2020 as compared to the second quarter of 2019, in part because of a decrease in cash payments from some of our customers and an equivalent increase in accounts receivables from such customers based on the temporary deferral of payments. See "Summary—Recent Developments."

At this time, we cannot forecast the duration of the effects of COVID-19 on our business. In addition, while the price of crude oil has been increasing since the recent Brent price of U.S.$19.33 per barrel on April 21, 2020 and we would expect crude oil production to follow that trend, we cannot offer any assurance as to when the international price for crude oil will fully stabilize. Our future business results and financial condition will be impacted by the extent and duration of these conditions and the effectiveness of responsive actions that we and others take, including (i) our actions described above and the pressure exerted by the oil and gas industry to temporarily modify the current tariff setting methodology, (ii) in respect of oil supply, continuing cooperation between OPEC member countries, and (iii) in respect of COVID-19, new information that may emerge concerning the severity and duration of the outbreak, the pace of vaccine development, and the actions by national and international government authorities to contain the outbreak or treat its impact, among other things.

In addition, with respect to the COVID-19 pandemic, with the purpose of addressing the health and economic impacts caused by COVID-19, the Colombian Government issued Decree 417 of 2020, and later Decree 637 of 2020 declaring an Economic, Social and Ecologic Emergency in Colombia. These declarations authorized the Colombian President, with the signature of all its Ministers, to enact decrees with force of law aimed at addressing and mitigating the negative impacts of the crisis. Some of the measures include (i) mandatory shelter in place orders; (ii) border closure for all non-citizens and non-residents; (iii) closure of all schools and universities; (iv) incentivizing working from home and a mandatory work from home order for 80% of Government employees; (v) suspension of increases in utility tariffs; and (vi) reduction in the prices of gasoline, among others. See "Risk Factors—Risks Relating to Colombia's Political and Regional Environment—The worldwide economic effects of the outbreak and economic shutdown caused by the COVID-19 pandemic is adversely affecting Colombia's economy, and the impact could be material." The COVID-19 pandemic has contributed to and coincided with sharply lower demand for oil and as a result a lower and more volatile price of oil and gas. This combination of factors has negatively affected the Colombian economy and the financial position of Ecopetrol, our main customer, and, accordingly, the efficacy of the measures taken by the Colombian Government cannot yet be evaluated and may have an adverse impact on our results and operations.

The insurance policies that we hold may be insufficient to cover any damage or losses we may incur.

Natural disasters, adverse weather conditions, human error, pandemics and other events may result in, among other consequences, damage to our properties, plant and equipment, interruptions to our business and pollution or environmental damage. We engage in crude oil transportation where design, construction or systems failures can result in substantial injury or damage to third parties or our customers.

There can be no assurance that our insurance policies are or will be suitable and/or sufficient in all circumstances or against all risks. The occurrence of a significant loss that is not insured or indemnified, in full or in part, may have a material adverse effect on our business, results of operations or financial condition. In addition, even when we purchase insurance for specified risks, our policies may have deductibles that we are required to pay prior to receiving any amounts for claims. Furthermore, there can be no guarantee that we will be able to purchase or renew insurance policies at commercial rates and on reasonable and acceptable terms in the future.

The loss of members of our management or our inability to hire and retain qualified employees or properly train our personnel may negatively affect us.

Our ability to maintain our competitive position depends in large part on the experience of our management. There can be no assurance that we will be able to retain current members of our management and the loss of any member of our senior management or the inability to attract and retain experienced executives may adversely affect our business in a material way.

Furthermore, as part of our expansion strategy, we hire, train and retain new professionals. We are subject to substantial competition in seeking to hire these professionals and there can be no assurance that we will be able to attract and train qualified professionals in sufficient numbers to provide our services and expand our business. Additionally, we may experience difficulties in retaining professionals if we are not able to maintain an attractive corporate culture and competitive levels of remuneration. We believe that the hiring, training and retention of skilled labor is a critical factor for business success and growth in the long-term and unsatisfactory implementation or failure of this strategy may adversely affect our business, results of operations or financial condition in a material way.

The loss of any member of our senior management or the inability to attract and retain experienced professionals may adversely affect our business, results of operation and financial condition in a material way.

Our operations could be affected by conflicts with labor unions.

In the past, we have been affected by strikes and work stoppages promoted by our contractors' employees who are represented by industry labor unions. In addition, we have been recently advised that Ecopetrol, the operator of certain of our pumping stations, including the Porvenir, Miraflores, Vasconia, and Caucasia pumping stations, has had some disputes with its syndicated employees who work at our Porvenir station. As of the date of this listing memorandum, these disputes have not affected our operations and we believe that we have sufficient contingency plans in case that they do. Nonetheless, we cannot assure you that we will not experience labor unrest in the future. In the event relations with our industry's labor unions deteriorate, which could result in strikes, work stoppages or even sabotage, our results of operations and financial condition could be negatively affected.

Our future performance depends on our ability to prevent information technology failures or cyber security attacks and the successful development and deployment of new technologies and the knowledge to apply and improve them.

We depend on the reliability and security of our information technology systems to conduct crude oil transportation activities, process and record financial and operating data, communicate with our employees and business partners, and for many other activities related to our business. Our information technology systems may fail or have other significant shortcomings due to operational system flaws or employee misuse, tampering or manipulation.

In addition, we may become the target of cyber-attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary and other information. A cyber-attack may involve a hacker, a virus, malware, phishing or other actions for the purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Unauthorized access to our proprietary information could lead to data corruption or communication or operational disruptions. A cyber-attack directed at oil and gas distribution systems could damage those assets or the environment, delay or prevent delivery of production to markets and make it difficult or impossible to accurately account for transported products. As cyber-attackers become more sophisticated, we may be required to expend significant additional resources to continue to protect our business or remediate the damage from cyber-attacks. Furthermore, the continuing and evolving threat of cyber-attacks has resulted in increased regulatory focus on prevention. To the extent we face increased regulatory requirements, we may be required to expend significant additional resources to meet such requirements. Any of these occurrences could disrupt our business, result in potential liability or reputational damage or otherwise have an adverse effect on our financial results. Although we have not experienced any material losses relating to failure of our information technology systems or cyber incidents, there can be no assurance that we will not suffer such losses in the future.

Moreover, technology, knowledge and innovation are essential to our business, especially for improvements in pipeline transportation systems. If we do not develop the right technology or do not obtain the expertise to operate new technology or to improve our processes, do not have access to, or deploy the knowledge necessary to apply and improve such technology effectively, our business, results of operations and financial condition may be materially adversely affected.

A downgrade in our credit rating could increase our cost of capital and limit access to capital.

Rating agencies evaluate us, and their ratings of our long-term and short-term debt are based on a number of factors. This includes their perception of our financial strength as well as other factors not entirely within our control, including conditions affecting the crude oil pipeline industry generally, and the state of the Colombian economy generally. On April 1, 2020, Fitch Ratings downgraded Colombia's long-term foreign currency issuer default rating to BBB- from BBB with a negative outlook. Further, on April 3, 2020, as a consequence of the adjustment made to Colombia's sovereign rating, Fitch Ratings downgraded our credit rating to BBB- from BBB with a negative outlook. We cannot offer any assurance that our credit rating will be maintained and any downgrade in or withdrawal of our corporate or debt ratings may adversely affect the rating and price of the notes. We cannot assure investors that the rating of the notes will continue for any given period of time or that the rating will not be further lowered or withdrawn. Any downgrade in or withdrawal of the ratings will not be an event of default under the indenture. An assigned rating may be raised or lowered depending, among other things, on the respective rating agency's assessment of our financial strength. In addition, a further downgrade in the rating of the Republic of Colombia could also trigger a further downgrade on our ratings as our rating is capped by the rating of the Republic of Colombia and the implicit support that can potentially be provided to us by the Republic of Colombia.

We are subject to currency fluctuations given that approximately 97% of our revenues are in U.S. dollars or are referenced to U.S. dollars.

In 2019 and for the three-month period ended March 31, 2020, approximately 97% and 99%, respectively, of our sales were denominated in U.S. dollars. The impact of fluctuations in exchange rates, especially the Colombian peso/U.S. dollar rate, on our operations has been and may continue to be material. The Colombian peso depreciated 8.91%, 0.84% and 24.04% on average against the U.S. dollar in 2018, 2019 and the three-month period ended March 31, 2020, respectively. In addition, a substantial share of our liquid assets 92% as of March 31, 2020) are held in U.S. dollars or indexed to foreign currencies, which may lose value if the Colombian peso appreciates against these currencies in 2020. Appreciation of the Colombian peso against the U.S. dollar adversely affects our results of operations due to the fact that our revenues are paid in U.S. dollars but our costs are generated in Colombian pesos. While in the ordinary course of our business we enter into local hedging arrangements with local financial institutions to mitigate our exposure to exchange rate variations, there can be no assurance that these arrangements will offset sufficiently or at all any losses we may incur as a result of currency fluctuations.

Our financial results may be negatively affected by changes to accounting standards.

We report our results and financial position in accordance with Colombian IFRS. Changes to IFRS or interpretations thereof may cause our future reported results and financial position to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. We monitor potential accounting changes and when possible, we determine their potential impact and disclose significant future changes in our financial statements that we expect as a result of those changes. Currently, there are a number of issued but not yet effective IFRS changes, as well as potential IFRS changes, some of which could be expected to impact our reported results, financial position and regulatory capital in the future. For further information about developments in financial accounting and reporting standards, see Note 6 to our audited financial statements and Note 6 to our unaudited financial statements.

Economic and political developments in the United States may adversely affect us.

The current United States administration has suggested that it is not supportive of certain existing international trade agreements. At this time, it remains unclear what actions may be taken with respect to these international trade agreements. If the United States or another government takes action to disrupt, withdraw from or materially modify certain international trade agreements, our business, financial condition and results of operations could be adversely affected.

The departure of the United Kingdom from the European Union could have an adverse effect on our business and financial condition.

On June 23, 2016, the United Kingdom held a referendum in which voters approved an exit from the European Union, commonly referred to as "Brexit." On March 29, 2017, the United Kingdom submitted a formal notification of its intention to withdraw from the European Union. Brexit has created a significant volatility in the global financial markets but the eventual effects of the United Kingdom's departure from the European Union and on our financial condition are uncertain at this time, as negotiations continue to determine the future terms of the United Kingdom's relationship with the European Union. On January 31, 2020, the United Kingdom formally withdrew from the European Union, beginning an 11-month transition period ending December 31, 2020 during which time the existing trading relationship will remain in effect pending negotiations. The effects of the United Kingdom's withdrawal from the European Union, will depend on agreements that the United Kingdom makes to retain access to the European Union markets on a more permanent basis.

Brexit is likely to adversely affect European and worldwide economic conditions and could contribute to greater instability in the global financial markets. These effects could have an adverse effect on our business and financial condition.

Our policies and procedures may not be able to detect money laundering and other illegal or improper activities incompatible with its ethics and compliance standards fully or on a timely basis.

As we enter into contractual relationships with various local and foreign clients, suppliers and contractors, we are subject to the risk that our shareholders, managers, directors, employees, clients, suppliers, contractors, or any person having relations with them may misappropriate our assets, manipulate our assets or information, make improper payments or capital contributions or engage in money laundering, the financing of terrorism, or other illegal activities for such person's personal or business advantage.

We are required to comply with applicable anti-money laundering laws, anti-terrorism financing, international anti-bribery laws and other regulations in Colombia. If we do not comply with these laws, we may be subject to sanctions including the inability to contract with Colombian public entities, the unilateral termination of our long-term concession agreement and the risk of the concession agreement being declared void and null for violating rules of public order, among others. While we have adopted policies and procedures aimed at detecting and preventing money laundering and other illegal activities by terrorists, terrorist-related organizations and individuals, generally such policies and procedures may not completely eliminate instances where they may be used by other parties to engage in money laundering and other illegal or improper activities.

In addition, our systems for identifying and monitoring these risks may not be effective to fully mitigate them in all situations. If we fail to fully comply with applicable laws and regulations, Colombian and other relevant governmental authorities have the power to impose fines and other penalties. In addition, any such acts may result in material financial losses or reputational harm to us.

Risks Relating to Colombia's Political and Regional Environment

A substantial portion of our revenues are earned in Colombia and all of our assets are located in Colombia. Thus, we are highly dependent on economic and political conditions in Colombia and are subject to various risks associated with Colombia as well as to other emerging markets countries.

We are a mixed capital company (*sociedad de economía mixta*) organized under the laws of Colombia. All or a substantial portion of our assets, operations and customers are located in Colombia and, as with all assets and operations in an emerging market country, our assets and operations are subject to political, economic and other uncertainties, including expropriation, nationalization, renegotiation or nullification of existing contracts, currency exchange restrictions and international monetary fluctuations. Our financial condition and operating results may be affected by the occurrence of any such events.

Colombia's fiscal deficit and growing public debt could adversely affect the current or future state of the Colombian economy. In addition, the U.S. dollar/Colombian peso exchange rate has shown some volatility in the last four years. We cannot assure you that measures recently adopted by the Colombian Central Bank, will suffice to control this volatility.

Due to the recent financial and economic crises that have occurred in many countries around the world and which have affected emerging market economies, investors may view investments in emerging markets with heightened caution. As a result of such financial and economic crises, flows of investments into Colombia may be reduced. Crises in other countries may hamper investors' enthusiasm for securities of Colombian issuers, which may, in turn, adversely affect market prices for the notes and make it difficult for us to access the international capital markets and finance our operations and capital expenditures.

In addition, securities issued by Colombian companies may be affected by economic and market conditions in other countries, including the United States, other Latin American and emerging market countries. Securities issued by Colombian issuers are also likely to be affected by economic and political conditions in Colombia and in neighboring countries, particularly Venezuela, Ecuador, Peru, Brazil and Panama. Although economic conditions in such Latin American and other emerging market countries may differ significantly from economic conditions in Colombia, investors' reactions to developments in these other countries may have an adverse effect on the market value of securities of Colombian issuers, including the notes. Events occurring in a market where we do not operate may cause international investors to have an increased risk perception of an entire region or class of investment, which could in turn negatively affect market prices and liquidity of securities issued by us.

Because of the characteristics of the Colombian crude oil pipeline industry (which require significant investments in operating assets) and our financing needs, if access to the capital and credit markets is limited, we could face difficulties in completing our investment plans and refinancing our obligations. A deterioration of the Colombian economy could adversely affect our financial condition and results of operations and impair our ability to make payments under the notes.

The Colombian Government and the Colombian Central Bank exercise significant influence on the Colombian economy. Political and economic conditions can have a direct impact on our business.

The Colombian Government and the Colombian Central Bank intervene in the country's economy and occasionally make significant changes in monetary, fiscal and regulatory policy. Our business, results of operations or financial condition may be adversely affected by changes in government policies, as well as by:

- fluctuations in exchange rates;
- inflation;
- instability of prices;
- changes in interest rates;
- fiscal policy;
- liquidity of domestic capital and lending markets;
- controls on capital flow;
- limits on foreign trade; and
- other political, diplomatic, social and economic developments, which may affect Colombia or the international markets, including COVID-19.

The Colombian Central Bank has in the past required that a certain percentage of indebtedness incurred (depending on the maturity of the indebtedness) be deposited in Colombian pesos or in foreign currency with the Colombian Central Bank in a non- interest-bearing account for a fixed period of time (*depósito por operaciones de endeudamiento externo*). Although currently the percentage to be deposited with the Colombian Central Bank is zero percent (0%) of the disbursements made under indebtedness, the Colombian Central Bank may increase this percentage at any time.

Measures by the Colombian Government to maintain economic stability, such as the deposit requirements described above and also speculation regarding its future actions, can generate uncertainties in the Colombian economy and increase volatility in the domestic capital markets and exchange rate markets, which could have a material adverse effect on our cash flows, financial condition and results of operations and could impair our ability to make payments under the notes.

Although the Colombian Government has not imposed foreign exchange restrictions since 1990, Colombia's foreign currency markets have historically been extremely regulated. Colombian law permits the Colombian Central Bank to impose foreign exchange controls to regulate foreign investment and the proceeds thereof in the event that the foreign currency reserves of the Colombian Central Bank fall below a level equal to the value of three months of imports of goods and services into Colombia. The Colombian Central Bank may intervene by, among other actions, (1) imposing direct exchange controls that may limit our ability to possess, utilize or remit foreign currency such as the U.S. dollar or (2) utilizing international reserves or borrowing from international institutions or other nations to obtain the currency required to intervene in the foreign exchange. As a result of the COVID-19 pandemic, the Colombian Central Bank has taken several measures to address liquidity, interest rates and exchange rate issues, including the reduction of the interest rate to 2.50% and increasing international reserves. An intervention that precludes us from possessing, utilizing or remitting U.S. dollars would impair our ability to make payments under the notes.

There have been certain events in Colombia and abroad, which have resulted in political tensions between Colombia and some of its neighboring countries.

Diplomatic relations between Colombia and some of its neighboring countries, in particular Nicaragua (with respect to territorial waters), Ecuador and Venezuela, have been tense in the past. These political tensions were heightened by the Colombian Government's allegations that neighboring countries are supporting the guerilla groups, as well as by claims made by Venezuela stating that the Colombian army has entered its territory while in pursuit of FARC members. Although relations with these countries have stabilized recently, there can be no assurance that similar allegations could not be made again that may result in new and heightened tensions with Colombia's neighbors, which have had in the past, and could have in the future, a negative impact on Colombia's economy and general security situation.

Beginning in 2017, Venezuela began to experience a severe political, economic and humanitarian crisis that has impacted the Andean Region as a whole, and Colombia in particular. According to the director of *Migración Colombia*, as of May 21, 2020, there are approximately 1,825,000 Venezuelans living in Colombia, some of whom have demonstrated a desire to return to Venezuela. Around 62,000 Venezuelans have already returned to Venezuela through a humanitarian return process led by the Colombian Government with the cooperation of regional authorities, the Attorney General's Office and the Ombudsman's office.

In its report of June 2019, (the "2019 Report") the Fiscal Rule Advisory Council recommended that the Government budget an additional deficit of 0.5%of GDP for 2019in order to address the influx of Venezuelan migrants. During the first eight months of 2019, Colombia received $96 million in foreign aid to address the Venezuelan migrant crisis.

On January 23, 2019, the Colombian Government recognized and expressed its full support to the President of the National Assembly, Juan Guaidó, who was designated by the Venezuelan National Assembly as interim president of the Bolivarian Republic of Venezuela. Additionally, the Government ratified the decision to continue to strongly support the recovery of democracy in Venezuela. Colombia is a member of the Lima Group, a group of 14 western hemisphere nations that has recognized the Guaidó administration and is proposing efforts to reinstall democracy in Venezuela. A deterioration of the Colombian economy as a result of political tensions between

Colombia and some of its neighboring countries could adversely affect our financial condition and results of operations and impair our ability to make payments under the notes.

The worldwide economic effects of the outbreak and economic shutdown caused by the COVID-19 pandemic is adversely affecting Colombia's economy, and the impact could be material.

The outbreak of the COVID-19 pandemic is currently having an indeterminable adverse impact on the world economy. COVID-19 was reportedly first detected in Wuhan, Hubei Province, China, and first reported to the World Health Organization ("WHO") country office in China on December 31, 2019. On January 30, 2020, the WHO declared COVID-19 a public health emergency of international concern and on March 11, 2020 declared the outbreak a pandemic. COVID-19 has begun to have numerous worldwide effects on general commercial activity. Many of Colombia's trading partners, such as China, the European Union, the United Kingdom and the United States, among others, have undertaken various public health measures to control the spread of COVID-19 including mandatory quarantines, forced economic shutdowns and travel restrictions, as well as economic measures to mitigate the impacts of such public health policies on their respective national economy. As of July 3, 2020, Colombia had 109,505 confirmed cases of COVID-19, 45,334 recovered cases and 3,777 deaths.

In recent months, the COVID-19 pandemic has spread globally, disrupting various markets and causing deep uncertainty regarding the economies exposed to the outbreak. We have been affected and will continue to be affected by the COVID-19 pandemic both directly and indirectly, through an impact on our customers, counterparties, employees and other stakeholders, as a result of, among others, public health measures, such as business closings and restrictions on travel and gatherings. The exact ramifications of the COVID-19 pandemic are highly uncertain and, as of the date of this listing memorandum, it is difficult to predict the spread or duration of the pandemic or its full effect on our company and on the global and Colombia's economy.

While governments around the world have introduced various measures and stimulus to support the economies of their countries, the outbreak has had and will continue having a significant adverse effect on both supply and demand, making it challenging to effectively address the challenges with economic policies.

On March 17, 2020, the Colombian Government, through Legislative Decree 417 of 2020, declared a 30-day state of national emergency in light of the health and economic crisis caused by the outbreak of COVID-19. On May 6, 2020, through Legislative Decree 637 of 2020, the Government declared a state of emergency for an additional 30 days. The Colombian Government is implementing various economic and public health measures to address the crisis, including (i) mandatory shelter in place orders; (ii) border closure for all non-citizens and non-residents; (iii) short term and low interest loans for all types of agricultural producers; (iv) payroll subsidies for companies and credit lines for different sectors of the economy; (iv) closure of all schools and universities; (v) incentivizing working from home and a mandatory work from home order for 80% of Government employees; (vi) actions by the Banco de la Republica, including reductions of its interest rate by 1.75% in 2020, the provision of non-delivery forwards in the amount of up to U.S.$1 billion and supplying liquidity auctions up to an additional Ps$23.5 trillion; (vii) suspension of increases in utility tariffs; (viii) reduction in the prices of gasoline; and (ix) increased COVID-19 testing of up to 15,000 per day, among others. The efficacy of these measures cannot yet be evaluated, and their duration and effect remain uncertain.

If the economic and public health crisis caused by the COVID-19 outbreak continues and the Colombian Government's measures are not effective, the economic performance of the country may suffer further than already anticipated, as a result of adverse effects on commerce, transportation and foreign investment, among other things, and thus may potentially adversely affect Colombia's ability to service its debt, including the bonds. The effects of the COVID-19 pandemic and the economic shutdown may also include an increase in unemployment, a reduction in household income, reduction in Colombian Government revenues, increased governmental expenditures and a deterioration of Colombia's financial position. For example, during May 2020, the unemployment rate in Colombia rose to 21.2% as compared to 10.4% in May 2019, primarily as a result of the economic impact caused by the COVID-19 pandemic. Moreover, the COVID-19 pandemic has contributed and coincided with sharply lower demand for oil and its derivatives and as a result a lower and more volatile price of oil and gas, which has also negatively affected the Colombian economy. The Colombian Government has projected Colombia's GDP to contract 5.5% and enter its first recession in over two decades.

Furthermore, the economies of all the countries where the business interests of our main customer, Ecopetrol, are located are currently experiencing negative economic consequences from the COVID-19 pandemic including, a significant drop in worldwide stock prices, decreasing oil prices, rise in unemployment, decreasing interest rates, liquidity concerns and devalued currencies. According to the U.S. National Bureau of Economic Research's June 2020 report, U.S. economic activity peaked in February 2020 and the U.S. has now entered into a recessionary phase. There are concerns that other developed countries may also fall into a recession in the near term. Any such occurrences will negatively impact the Colombian economy and could have a material adverse effect on our results of operations and business condition.

The COVID-19 pandemic, any second wave or resurgence and/or new pandemic may also have the effect of heightening the other risks described herein, such as those relating to economic, social and political developments in Colombia and its credit ratings. Consequently, the current COVID-19 pandemic and its potential impact on the global economy may require Colombia to enact additional changes to existing regulations or implement more stringent regulations, which may further adversely impact Colombia's economy, the prices of, and Colombia's ability to make payments on, its outstanding securities or other indebtedness.

Companies operating in Colombia, including our company, are subject to the prevailing economic conditions and the investment climate in Colombia, which may be less stable than the prevailing economic conditions and investment climate in developed countries.

Market prices of securities issued by Colombian companies, including our company, are subject to the prevailing economic conditions in Colombia. All of our assets and operations are located in Colombia and all of the crude oil we transport is obtained from Colombian fields and it is delivered in Colombian ground. Accordingly, our financial condition and results of operations depend to a significant extent on macroeconomic and political conditions prevailing from time to time in Colombia and on the rates of exchange between the Colombian peso and the U.S. dollar, with respect to certain operating and capital expenditure expenses.

In the past, economic growth in Colombia has been negatively affected by lower foreign direct investment, high inflation rates and the perception of political instability.

The investment and security climate in Colombia continues to be tied to the results and performance of the government's economic, security and social policies and the perception of such policies by foreign investors. In 2019, Colombia's annual GDP increased by 3.32%, including as a result of a 1.8% increase in mining exploitation (reflecting a decrease of 0.1% in crude oil, gas and minerals production). For 2020, prior to the COVID-19 pandemic, DANE estimated GDP growth at 3.62%. The IMF has updated GDP growth outlook for Latin America, estimating an economic contraction of 5.2% for the region and the Colombian Government has projected Colombia's GDP to contract 5.5% and enter its first recession in over two decades. For the three-month period ended March 31, 2020 Colombia reported a GDP growth of 1.1%, primarily due to a 6.8% increase in the agricultural sector, however, this is trend is likely to reverse as Colombia continues to feel the economic effects of the COVID-19 pandemic. See "Risk Factors—Risks Relating to Colombia's Political and Regional Environment—The worldwide economic effects of the outbreak and economic shutdown caused by the COVID-19 pandemic is adversely affecting Colombia's economy, and the impact could be material."

If the perception of improved overall security in Colombia deteriorates, including as a result of the Colombian presidential elections in 2022 and the policies of the continuing or new administration, or if foreign direct investment declines, the Colombian economy may face a further downturn, which could negatively affect our financial condition and results of operations.

We are subject to adverse developments in the global economy, which may constrain credit markets.

The downturn in the world's major economies over the past several years and the constraints in the credit markets have heightened, and could continue to heighten, a number of material risks to our business, results of operations and financial condition, as well as our future prospects. Continued weakness in, and uncertainty about, global economic conditions, and in particular the economic conditions in the United States, could cause businesses to postpone spending in response to tighter credit, negative financial news or declines in income or asset values, which could have a material adverse effect on the demand for goods and international trade which, in turn, could adversely affect the demand for products related to crude oil and gas.

The economic problems that affected the banking system and financial markets and the recent uncertainty in global economic conditions resulted in a number of adverse effects including tightening in the credit markets, a low level of liquidity in many financial markets, extreme volatility in credit, equity, currency and fixed income markets, instability in the stock market and high unemployment.

New or higher taxes resulting from changes in tax regulations or the interpretation thereof in Colombia could adversely affect our results of operations and financial condition.

New tax laws and regulations, and uncertainties with respect to future tax policies, pose risks to us. Between 2012 and 2019, the Colombian Congress passed six tax reform laws. The Colombian tax laws have imposed additional taxes in a variety of areas, such as taxes on financial transactions or dividend distributions to fund general budget appropriations to support, among others, Colombia's war against terrorism and post-conflict programs related to the peace negotiations with guerrilla forces. Changes in tax-related laws and regulations, and interpretations thereof, can affect tax burdens by increasing tax rates and fees, creating new taxes, limiting tax deductions, and eliminating tax-based incentives and non-taxed income. In addition, tax authorities or courts may interpret tax regulations differently than we do, which could result in tax litigation, associated costs and penalties. See "Management's Discussion and Analysis of Financial Conditions and Results of Operations—Tax Policies."

On December 29, 2018, the Colombian Congress enacted a new tax reform (Law 1943) introducing substantial changes to the tax legal framework. These changes include taxation on dividends distributed to both residents and non-residents from profits generated from fiscal year 2017 onwards, a modified corporate income tax regime, new corporate and individual income tax rates, and changes to the Value Added Tax regime, among others. Although the Constitutional Court ruled that the 2018 tax reform is unconstitutional due to formal flaws in the process on enactment in the Congress, the Court permitted the law to stay in effect until January 1, 2020. Subsequently, the Colombian Congress approved a new tax reform law (Law 2010) on December 27, 2019, which reintroduced the entire text of the 2018 tax reform with some changes. These changes in tax treatment could have a material adverse effect on our results of operations and financial condition and may adversely affect the holders of the notes.

Colombia has experienced several periods of violence and instability, and such instability could affect the economy and us.

Colombia has experienced periods of criminal violence over the past four decades, primarily due to the activities of guerilla groups and drug cartels. From time to time, guerrillas target crude oil and multi-purpose pipelines, including the Oleoducto Transandino and Caño Limón-Coveñas pipelines, and other related infrastructure. On several occasions, guerilla attacks have resulted in unscheduled shut-downs of transportation systems in order to repair sections of pipelines that have been damaged and to undertake clean-up activities, as well as in deferral of production in certain fields. Guerrilla groups and other illegal armed groups also attacked natural gas transportation infrastructure. Although we do not have any interest in natural gas transportation assets, these attacks have affected those involved in the crude oil and gas industry. These activities, their possible escalation and the effects associated with them have had and may have, in the future, a negative impact on the Colombian economy or on us, which may affect our customers, employees, assets or the environment, with resulting containment, clean-up and repair expenses. In the context of this complex security situation, allegations and court judgments have been levied against members of the Colombian Congress and on government officials for possible ties with illegal groups. This situation may have a negative impact on the credibility of the Colombian Government, which could in turn have a negative impact on the Colombian economy or on us in the future.

Failed implementation of the peace agreements between the Colombian Government and FARC may affect Colombia's security and our operations.

In 2018, the Colombian government suspended the peace negotiations with the ELN after a series of rebel attacks. Therefore, despite the peace treaty between the Colombian government and FARC, a lasting decrease in violence or drug-related crime in Colombia or the successful integration of former guerrilla members into Colombian society, may not be achieved. Recently, a former FARC guerrilla leader was shown in a video along with other former guerrilla members questioning the peace agreement. The former guerrilla leader could embolden dissident fighters and drug traffickers and significantly destabilize regions of Colombia historically vulnerable to these groups. An escalation of violence or drug-related crime may have a negative impact on the Colombian economy and on us.

In addition, the peace agreement reached with the FARC may be modified by current or future governments, including President Duque's administration. Although the Colombian Congress has approved certain regulations implementing the final peace agreement, including laws governing the Special Peace Justice System (*Jurisdicción Especial para la Paz*), laws enacted by the Colombian Congress in this regard may differ from the provisions of the peace agreement. In light of the uncertainties surrounding the implementation of the peace agreement, there can be no assurance that criminal and terrorist acts by the FARC or other groups will not escalate in Colombia. The peace agreement signed with the FARC could result in the enactment of new laws and regulations with unpredictable impact on our operations.

The implementation of the peace agreement with the FARC will require the enactment of new laws and regulations, which may impact our activity in ways we cannot anticipate. The impact of such new legislation is still unknown, and further regulations may be required for such legislation to be implemented. New laws or regulations enacted in connection with the implementation of the peace agreement may impact our activity and may have a negative effect on our financial condition and results of operations and our ability to repay the notes.

Furthermore, the scope of the rulings issued by the Special Peace Justice System's division on Recognition of Truth and Responsibility, including guidelines on proper sanctions and on works and activities with restorative-reparative content and their potential impact on us, are unknown. While in recent years our transportation system has not experienced a material attack and security conditions along our route have improved significantly as the military and police authorities have prioritized the protection of our assets, there can be no assurance that continuing attempts to reduce or prevent guerilla activity will be successful or that guerilla activity will not disrupt our operations in the future. There can also be no assurance that we can maintain the safety of our operations and personnel in Colombia or that violence will not affect our operations in the future.

The Colombian Government could seize or expropriate our assets under certain circumstances.

Pursuant to Article 58 of the Colombian constitution, the Colombian Government may exercise its eminent domain powers in respect of our assets in the event such action is required in order to protect public interests. According to Law 388 of 1997, eminent domain powers may be exercised through: (1) an ordinary expropriation proceeding (*expropiación ordinaria*), (2) an administrative expropriation (*expropiación administrativa*) or (3) an expropriation for war reasons (*expropiación en caso de guerra*). In all cases, we would be entitled to a fair indemnification for the expropriated assets. However, indemnification may be paid in some cases years after the asset is effectively expropriated, and the indemnification may be lower than the price for which the expropriated asset could be sold in a free market sale or the value of the asset as part of an ongoing business.

Allegations of corruption against the Colombian government, politicians and private industry could create economic and political uncertainty.

Allegations of corruption against the Colombian government, politicians and private industry could create economic and political uncertainty should the investigations triggered by these cases reach conclusions or result in further allegations or findings of illicit conduct committed by the accused parties. Furthermore, proven or alleged wrongdoings could have adverse effects on the political stability in Colombia and the Colombian economy. If we are found to be involved in any way in these activities, these adverse political and economic effects could result in a material adverse effect on our business, including by depressing business volumes and/or negatively affecting our reputation.

Natural disasters in Colombia could disrupt our business and impact our financial condition and results of operations.

We are exposed to natural disasters in Colombia, such as earthquakes, volcanic eruptions, tornadoes, tropical storms and hurricanes. In particular, Colombia is exposed to recurring flooding and mudslides as a result of heavy rains attributable to the La Niña and El Niño weather patterns. In the event of a natural disaster, our disaster recovery plans may prove to be ineffective, which could have a material adverse effect on our ability to conduct our businesses, particularly if such an occurrence affects computer-based data processing, transmission, storage and retrieval systems or destroys customer or other data. In addition, if a significant number of our employees and senior managers were unavailable because of a natural disaster, our ability to conduct our business could be compromised. Natural disasters or similar events could also result in substantial volatility in our results of operations.

Risks Relating to the Notes

The obligations under the notes will be subordinated to certain statutory liabilities.

Under Colombian bankruptcy law, obligations under the notes are subordinated to certain statutory preferences. In the event of liquidation, statutory preferences, including claims for salaries, wages, secured obligations, social security, taxes, court fees and expenses and the administrative expenses arising after the beginning of the bankruptcy proceeding (*gastos de administración*), will have priority over any other claims, including claims by holders of the notes.

The indenture does not restrict the amount of additional debt that we may incur, and does not provide for cross acceleration of the notes to other indebtedness denominated in Pesos or for events of default in the event of insolvency or liquidation of any of our subsidiaries.

The notes and indenture under which the notes will be issued do not place any limitation on the amount of unsecured debt that may be incurred by us. Our incurrence of additional debt may have important consequences for you as a holder of the notes, including making it more difficult for us to satisfy our obligations with respect to the notes, a loss in the trading value of your notes, if any, and a risk that the credit rating of the notes is lowered or withdrawn. In addition, the notes only cross accelerate to indebtedness which is not denominated in Pesos and do not contain as events of default the insolvency or liquidation of any of our subsidiaries. Additionally, involuntary filings against us under the bankruptcy or insolvency laws of certain jurisdictions, if filed, would not constitute events of default under the indenture governing the notes.

Our credit ratings may not reflect all risks of your investments in the notes.

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the notes. These credit ratings may not reflect the potential impact of risks relating to structure or marketing of the notes. Agency ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating.

We may not be able to repurchase the notes upon a change of control repurchase event.

Upon the occurrence of a change of control repurchase event as set forth in "Description of the Notes—Certain Covenants—Repurchase of Notes upon a Change of Control Repurchase Event", we will be required to offer to repurchase all outstanding notes at 101% of their principal amount plus accrued and unpaid interest, if any. The source of funds for any such purchase of the notes will be our available cash or cash generated from other sources, including borrowings, sales of assets or sales of equity. We may not be able to repurchase the notes upon a change of control repurchase event because we may not have sufficient financial resources to purchase all of the notes that are tendered upon a change of control repurchase event. Our failure to repurchase the notes upon a change of control repurchase event would cause a default under the indenture governing the notes. Any of our future debt agreements may contain similar provisions.

The interests of our shareholders may be contrary to our interests and the interest of the holders of the notes.

Our majority shareholder is Cenit, a wholly-owned subsidiary of Ecopetrol, the Colombian national crude oil and gas company and Colombia's largest producer of crude oil and gas. Cenit owns approximately 72.648% of our common stock, and has the power to directly and indirectly elect a majority of our directors and officers and, in accordance with the terms of our shareholders' agreement, determine the outcome of any action requiring shareholder approval, including transactions with related parties, corporate reorganizations and the timing and payment of dividends. Cenit, therefore, can substantially influence our policies, strategies and operations.

In circumstances involving a conflict of interest between Cenit and our other major shareholders, on the one hand, and the holders of the notes, on the other hand, Cenit and our other major shareholders may exercise their ability to control us in a manner that would be adverse to the holders of the notes. For example, Cenit may direct us not to engage in certain activities or make certain expenditures, which direction may be designed primarily to promote its own goals and not exclusively to enhance our business. We may also be the subject of political debates or be subject to public or political pressure that may change from time to time as a result of Colombia's elections or of changes in the political landscape of the Republic of Colombia, Ecopetrol's controlling shareholder, which may require Cenit to take certain actions, including those in respect of us, that may be adverse to our interests and the interests of the holders of the notes.

Moreover, the rights of Cenit, as our controlling shareholder, may limit our flexibility to respond to market developments, to take advantage of market opportunities, to implement our strategy, to incur indebtedness, as the case may be, or to otherwise make changes to our business and operations.

The impact of such actions and each of these factors may adversely affect our business, results of operations, financial condition and, as a result, impair our ability to make payments under the notes.

Holders of the notes are not able to effect service of process on us, our directors or executive officers within the United States, which may limit your recovery in any foreign judgment you obtain against us.

We are a mixed capital company (*sociedad de economía mixta*) organized under the laws of Colombia. Substantially all of the assets of such persons are located in Colombia. Substantially all of our assets are located in Colombia. As a result, it may not be possible for investors to effect service of process within the United States or in any other jurisdiction outside of Colombia upon us, our directors or officers or to enforce against us or our directors or officers in any jurisdiction outside of Colombia judgments predicated upon the laws of any such jurisdiction, including any judgment predicated upon the U.S. federal and state securities laws. In addition, you should not assume that courts in Colombia (1) would enforce judgments of U.S. courts obtained in actions against us based upon the civil liability provisions of applicable U.S. federal and state securities laws or (2) would enforce, in original actions, liabilities against us or our subsidiaries based on those laws.

There is also substantial doubt that the courts of Colombia would enter judgment in original actions brought in those courts predicated on U.S. federal or state securities laws. Moreover, certain remedies available under provisions of the U.S. securities laws may not be admitted or enforced by Colombian courts.

Colombian courts will enforce a U.S. judgment predicated on the U.S. securities laws through a procedural system known under Colombian law as exequatur. Colombian courts will enforce a foreign judgment, without reconsideration of the merits, only if the judgment satisfies the requirements set forth in articles 605 through 607 of Law 1564 of 2012, or the Colombian General Code of Procedure (*Código General del Proceso*), which provides that the foreign judgment will be enforced if certain conditions are met. For a description of these limitations, see "Service of Process and Enforcement of Civil Liabilities."

We may claim immunity under the Foreign Sovereign Immunities Act with respect to actions brought against us under the U.S. securities laws, and your ability to sue or recover may be limited.

We reserve the right to plead sovereign immunity under the United States Foreign Sovereign Immunities Act of 1976 with respect to actions brought against us under United States federal securities laws or any state securities laws. Accordingly, you may not be able to obtain a judgment in a U.S. court against us unless the U.S. court determines that we are not entitled to sovereign immunity with respect to that action. Moreover, you may not be able to enforce a judgment against us in the United States except under the limited circumstances specified in the Foreign Sovereign Immunities Act.

We are not required to disclose as much information to investors as a U.S. issuer is required to disclose.

We are not directly subject to the reporting requirements of relevant Colombian authorities (including the SFC or the Colombian Stock Exchange). Although we provide certain information in connection with Ecopetrol's disclosure obligations to the various regulators and publish our financial statements on our website, the corporate disclosure requirements that apply to us are not equivalent to the disclosure requirements that apply to a U.S. issuer and, as a result, you may receive less information about us than you would receive from a U.S. issuer or a Colombian registered issuer.

Transfer of the notes will be restricted.

We are offering the notes in reliance upon exemptions from registration under the Securities Act and applicable state securities laws. Unless so registered, the notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See "Transfer Restrictions" for a full explanation of such restrictions. The notes have not been qualified for sale under the securities laws of Canada or any province or territory thereof and may not be offered or sold therein except in compliance with an exemption from the prospectus requirements under such laws.

The notes will not be authorized by the SFC and will not be registered under the Colombian Registry of Securities and Issuers (*Registro Nacional de Valores y Emisores*) or the Colombian Stock Exchange (*Bolsa de Valores de Colombia*) and, accordingly, the notes will not be offered or sold to persons in Colombia except in circumstances which do not result in a public offering under Colombian law and in compliance with Part 4 of Decree 2555 of 2010.

The notes constitute a new issue of securities for which there is no existing market, and we cannot assure you that you will be able to sell your notes in the future.

The notes constitute a new issue of securities for which there is no existing market, and we cannot assure you that in the future a market for the notes will develop or that you will be able to sell any notes you have acquired in the offering or that any such notes may be sold for any particular price. Although we have applied for the notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Euro MTF market, there can be no assurance that an active market for the notes will develop.

We have been advised by the initial purchasers that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

In addition, trading or resale of the notes may be negatively affected by other factors described in this listing memorandum arising from this transaction or the market for securities generally. As a result, we cannot assure you as to the liquidity of any trading market for the notes and as a result, you may be required to bear the financial risk of your investment in the notes indefinitely.

If any of the notes are traded after they are initially issued, they may trade at a discount. If a trading market were to develop, future trading prices of the notes may be volatile and will depend on many factors, including:

- our financial condition and results of operations;
- general economic conditions;
- prevailing interest rates;
- the interest of securities dealers in making a market for them; and
- the market for similar securities.

We cannot assure you that the credit ratings for the notes will not be lowered, suspended or withdrawn by the rating agencies.

The ratings of the notes may change after issuance and we are under no obligation to maintain such rating. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. There is no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect of the market price and marketability of the notes.

If we enter into a bankruptcy, insolvency, intervention, administrative takeover for management or for liquidation purposes or similar proceeding, holders of subordinated and unsubordinated debt may be given the same priority.

In a bankruptcy, insolvency, intervention, administrative takeover for management or for liquidation purposes or restructuring proceedings under Colombian law, subordination agreements may be disregarded. In such a case, subordinated and unsubordinated creditors (including holders of the notes) may have the same priority. In addition, the notes and indenture under which the notes will be issued do not place any limitation on the amount of unsecured debt that may be incurred by us, including subordinated debt. The indenture also allows us to refinance, repay, redeem, repurchase or otherwise acquire or retire for value certain subordinated indebtedness. For example, we may incur an unlimited amount of subordinated debt. If we were to undergo bankruptcy, liquidation, restructuring or administrative takeover proceedings, holders of our debt that were contractually subordinated to our prior payments, including such intercompany debt, may have the same rights as holders of our unsubordinated debt under the notes. Therefore, we cannot assure you that you will not lose your priority over any subordinated debt.

USE OF PROCEEDS

We expect the net proceeds from the sale of the notes to be approximately U.S.$494.31 million, after deducting the initial purchasers' discount and estimated expenses payable by us. We intend to use the net proceeds from this offering for the repayment of the U.S.$500,000,000 we have outstanding on our 4.000% notes due 2021 on or before maturity.

EXCHANGE RATES AND CONTROLS

Exchange Rates

The Federal Reserve Bank of New York does not report a noon-buying rate for Colombian pesos. The SFC calculates the representative market rate based on the weighted averages of the buy and sell foreign exchange rates negotiated on the previous day by certain financial institutions authorized to engage in foreign exchange transactions.

The following table sets forth the high, low, average and period-end exchange rate for Colombian pesos/U.S. dollar representative market rate for each of the last six months.

	Exchange Rates			
Month	**High**	**Low**	**Average**	**Period-End**
January 2020	Ps$3,411.45	Ps$3,253.89	Ps$3,311.19	Ps$3,411.45
February 2020	Ps$3,539.86	Ps$3,355.44	Ps$3,411.05	Ps$3,539.86
March 2020	Ps$4,153.91	Ps$3,455.56	Ps$3,877.05	Ps$4,064.81
April 2020	Ps$4,081.06	Ps$3,858.21	Ps$3,977.39	Ps$3.983.29
May 2020	Ps$3,990.10	Ps$3,718.82	Ps$3,858.19	Ps$3,718.82
June 2020	Ps$3,760.22	Ps$3,565.06	Ps$3,701.60	Ps$3,758.91
July 2020 (through July 9, 2020)_	Ps$3,756.28	Ps$3,625.61	Ps$3,663.14	Ps$3,625.61

Source: SFC for historical data, Banco de la República, or the Colombian Central Bank, and internal calculation for averages

This listing memorandum contains conversions of certain Colombian peso amounts into U.S. dollars solely for the convenience of the reader. Unless otherwise indicated and other than information derived from our financial statements prepared in U.S. dollars in accordance with Colombian IFRS, such peso amounts have been converted at the rate of Ps$4,064.81 per U.S.$1.00, which corresponds to the representative market exchange rate as of March 31, 2020, the last business day of the period reported in the unaudited financial statements. No representation is made that the Colombian peso amounts referred to in this listing memorandum could have been or could be converted into U.S. dollars at any particular rate or at all.

On March 31, 2020, the representative market rate was Ps$4,064.81 per U.S.$1.00.

Exchange Controls

In 1990, the Colombian Government initiated a policy of gradual currency liberalization. The general legal principles of Colombia's foreign exchange controls and international investments regulations were established by Law 9 of 1991. According to this law, the Ministry of Finance and Public Credit is in charge of regulating foreign investment while the board of directors of the Colombian Central Bank is in charge of regulating most of the transactions pertaining to the formal exchange market (including foreign investment). Pursuant to these powers, the Colombian Central Bank enacted External Resolution 1 of 2018 and Regulation DCIN-83 and the Ministry of Finance and Public Credit enacted Decree 1068 of 2015, as amended from time to time, which together with External Resolution 1 of 2018, we refer to as the "foreign investment statute."

The foreign investment statute establishes two types of markets for foreign currency exchange:

- the controlled foreign exchange market, or the FX market, which consists of all foreign exchange transactions which must be mandatorily conducted through foreign exchange intermediaries (i.e., commercial and mortgage banks, financial corporations, commercial finance companies, *Financiera de Desarrollo Nacional*, *Banco de Comercio Exterior*, financial cooperatives and local stock broker dealers) or compensation accounts (i.e., offshore bank accounts registered with the Colombian Central Bank and subject to periodic reports before the Colombian authorities). Payments between Colombian residents and foreign residents in respect of foreign investments, imports, exports, foreign indebtedness, derivative transactions and guarantees in foreign currency, among others, must be conducted through the FX market.

- the free market, which consists of all other transactions that are not mandatorily traded on the FX market.

Colombian law allows the Colombian Central Bank to intervene in the foreign exchange market if the value of the Colombian peso is subject to significant volatility. The government and the Colombian Central Bank may also limit the remittance of dividends and the product of the liquidation of foreign investments on a temporary basis whenever the international reserves are below an amount equal to three months of imports.

In addition to its interventions in the foreign exchange market, the regulations of the Colombian Central Bank also established a deposit requirement on all foreign loans granted to Colombian residents, as an instrument to control the fluctuation of the peso against the U.S. dollar. To this end, the Colombian Central Bank has on some occasions required that a certain percentage of the debt incurred (depending on the maturity of the debt) be deposited in Colombian pesos or foreign currency with the Colombian Central Bank in a non-interest-bearing account for a fixed period of time. A debtor can prepay foreign loans or redeem the certificate given by the Colombian Central Bank evidencing the deposit, but said prepayment or redemption will imply a discount. The discount is reduced as the term for maturity is reduced. Currently, the deposit requirement is equal to zero (0%) of the disbursements made under the loan, so in practice, there is currently no deposit that has to be posted with the Colombian Central Bank by the debtor of loans in foreign currency.

Measures Adopted by the Colombian Government to Minimize Fluctuations of the Colombian Peso against the U.S. Dollar

During 2007 and 2008, both the Ministry of Finance and Public Credit and the Colombian Central Bank adopted several measures aimed at controlling the fluctuation of the Colombian peso against the U.S. dollar. These measures included, among others:

- a 50% non-interest-bearing deposit requirement at the Colombian Central Bank, applicable to short-term portfolio investments in assets other than shares or convertible bonds or collective investment funds that only invest in shares or convertible bonds, for a period of six months. This restriction was eliminated in 2008;

- a six-month 40% non-interest-bearing deposit at the Colombian Central Bank applicable in connection with foreign loans, established by Resolution No. 2 of May 6, 2007;

- a six-month 40% non-interest-bearing deposit at the Colombian Central Bank applicable to corporate reorganization transactions, including mergers, acquisitions and spin-offs, if the successor thereof is a Colombian resident required to repay foreign indebtedness which would have otherwise been subject to the deposit requirement of Resolution No. 2 of May 6, 2007;

- exemptions to the 40% non-interest-bearing deposit requirement applicable to foreign investment in local private equity funds and American Depositary Receipt and Global Depositary Receipt programs of Colombian issuers;

- restrictions on the repatriation of foreign direct investments;

- increases to the reference rate; and

- non-interest-bearing deposits with the Colombian Central Bank applicable to the proceeds resulting from imports financings.

On October 8, 2008 and October 9, 2008, through Decree 3913 and Resolution 10, issued by the Colombian Government and the Colombian Central Bank, respectively, the deposit requirement established by Resolution No. 2 of May 6, 2007 was set at 0% in connection with foreign portfolio investment and foreign indebtedness operations, including foreign loans, import financing and export financing. Additionally, on September 1, 2008 by means of Decree 3264, the Colombian Government eliminated restrictions on the repatriation of foreign direct investments.

On March 3, 2010, the Colombian Central Bank resumed intervention in the foreign exchange market, accumulating international reserves through daily purchases of U.S.$20.0 million in competitive auctions in response to indications of an exchange rate misalignment. From February 2015 to September 2018, the Colombian Central Bank did not increase its international reserves. On October 1, 2018, the Colombian Central Bank initiated a program to accumulate international reserves with an initial auction of up to U.S.$400 million. This program was finalized in October 2019, when the Central Bank announced that the level of international reserves was adequate. As of May 2020, the Colombian Central Bank has accumulated U.S.$56,361 million in international reserves. .

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2020:

- on an actual historical basis; and
- as adjusted to give effect to the use of proceeds from this offering.

The information set forth below on an actual basis as of March 31, 2020 is derived from our unaudited financial statements as of March 31, 2020.

You should read this table in conjunction with "Use of Proceeds," "Selected Financial and Other Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes thereto, included elsewhere in this listing memorandum.

	As of March 31, 2020	
	Historical	**As Adjusted[2]**
	(in millions of U.S.$)	*(in millions of U.S.$)*
Long-term financial obligations[1]	493.04	494.31
Notes offered hereby	-	494.31
Total equity..	1,068.08	1,068.08
Total capitalization[3]...........................	1,561.12	1,562.39

(1) Reflects the long-term portion of our outstanding 4.000% notes due 2021, which pursuant to IFRS is recorded at its amortized cost using the effective interest rate method. The nominal amount of this debt totaled U.S.$500 million. We intend to repay the full nominal amount of this debt (U.S.$500 million) on or before maturity with the proceeds of this offering.

(2) As adjusted to reflect (i) the receipt of the estimated net proceeds from the issuance of the notes, after deduction of the initial purchasers' discount and estimated expenses payable by us, of U.S.$494.31 million and (ii) the use of proceeds therefrom to pay the $500 million we have outstanding on our 4.000% notes due 2021 (reflected as U.S.$493.04 million in the table above; see footnote 1).

(3) Total capitalization is the sum of short-term and long-term loans and financings and equity.

There has been no other material change in our capitalization since March 31, 2020.

SELECTED FINANCIAL AND OTHER INFORMATION

The following selected financial information as of and for the years ended December 31, 2019, 2018 and 2017 has been derived from our audited financial statements, which are included elsewhere in this listing memorandum and have been prepared in accordance with Colombian IFRS. The selected financial information as of March 31, 2020 and for the three-month periods ended March 31, 2020 and 2019 set forth below has been derived from our unaudited financial statements included in this listing memorandum. This financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," our audited financial statements and our unaudited financial statements and, in each case, the related notes thereto.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations."

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)				
	(in millions of U.S.$, except for per share data)				
Income statement data:					
Revenue from ordinary activities	$363	$367	$1,556	$1,401	1,325
Cost of sales	(60)	(71)	(326)	(296)	(261)
Operations and project expenses	(3)	(3)	(16)	(17)	(16)
Administrative expenses	(6)	(6)	(24)	(24)	(24)
Other operating income (expenses), net	0	42	42	(3)	(42)
Operating profit	**294**	**329**	**1,232**	**1,061**	**982**
Financial costs, net(1)	**25**	**16**	**(6)**	(9)	(31)
Financial expenses, net (2)	(2)	(3)	(13)	(16)	(18)
Exchange difference gain (loss), net	28	(5)	(14)	9	(10)
Other financial income (expenses), net (3)	(1)	24	21	(2)	(3)
Profit before income tax	**319**	**345**	**1,226**	**1,052**	**951**
Income tax expense	(74)	(120)	(414)	(382)	(398)
Net profit	**245**	**225**	**812**	**670**	**553**
Net profit per share	47.46	43.68	157.39	129.82	107.10

(1) Financial costs net, is the sum of financial expenses, net, exchange difference gain (loss), net and other financial income (expenses), net. See Note 25 to our unaudited financial statements and Note 26 to our audited financial statements.

(2) Financial expenses, net, reflect the sum of (i) financial costs and (ii) costs yields and interest. See Note 25 to our unaudited financial statements and Note 26 to our audited financial statements.

(3) Other financial (expenses), net reflects (i) default interests, (ii) other financial incomes (expenses), (iii) financial expense rights of use and (4) monetization. See Note 25 to our unaudited financial statements and Note 26 to our audited financial statements.

	As of March 31,	As of December 31,		
	2020	2019	2018	2017
	(unaudited)			
		(in millions of U.S.$)		
Balance Sheet Data:				
Current assets				
Cash and cash equivalents	243	441	239	236
Trade debtors and other accounts receivable, net	132	151	170	197
Inventories	35	38	24	—
Other assets	4	3	4	33
Total Current assets	**414**	**633**	**437**	**466**
Non-Current Assets				
Trade debtors and other accounts receivable, net	2	3	3	4
Other non-financial assets	1	—	1	—
Property, plant and equipment, net	1,452	1,487	1,551	1,595
Intangibles, net	54	54	24	15
Rights-of-use	15	12	—	—
Deferred tax assets	3	—	—	—
Total Non-Current Assets	1,527	**1,556**	**1,579**	**1,614**
Total Assets	1,941	**2,189**	**2,016**	**2,080**
Current Liabilities				
Debts and loans bearing interest	27	24	20	20
Trade accounts and other accounts payable	51	111	73	90
Tax current	190	174	105	171
Derivative financial instruments	75	—	25	—
Deferred revenues	2	4	5	7
Provisions	2	2	1	50
Total Current Liabilities	347	**315**	**229**	**338**
Non-Current Liabilities				
Debts and loans bearing interest	493	490	481	480
Trade accounts and other accounts payable	4	4	5	4
Tax liabilities	2	2	1	1
Deferred tax liabilities	—	65	61	82
Deferred revenues	1	1	3	8
Provisions and contingencies	26	50	44	32
Total Non-Current Liabilities	526	**612**	**595**	**607**
Total liabilities	873	**927**	**824**	**945**
Shareholders' equity				
Subscribed and paid-in capital	82	82	82	82
Legal reserve	41	41	41	41
Accumulated profits	881	1,045	992	928
Other comprehensive income	64	94	77	84
Total equity	1,068	**1,262**	**1,192**	**1,135**
Total liabilities and equity	1,941	**2,189**	**2,016**	**2,080**

	As of and/or for the three-month period ended March 31,		As of and for the year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)				
	(in millions of U.S.$, unless otherwise indicated)				
Financial and Other Data:					
Amortization and depreciation .	27	28	116	105	96
Net margin (1)	67%	61%	52%	48%	42%
Operating margin (2)	81%	90%	79%	76%	74%
EBITDA (3).............................	321	357	1,348	1,166	1,079
EBITDA margin (4)	88%	97%	87%	83%	81%
Outstanding debt(5)	500	500	500	500	500
Outstanding debt/EBITDA ratio (6).................................	0.39	0.37	0.37	0.43	0.46
Volume transported (in kbpd)...	617	646	664	637	581
Utilization (%)..........................	92%	96%	98%	94%	91%
Total transportation cash cost (7)...	69	80	366	337	300
Number of employees..............	288	278	288	275	286

(1) Net margin is calculated as net profit divided by revenue, expressed as a percentage.

(2) Operating margin is calculated as operating profit divided by revenue, expressed as a percentage.

(3) We calculate EBITDA as net profit *plus* depreciation and amortization, income tax and financial (income) expenses, net. EBITDA is not a measure of financial performance according to IFRS or generally accepted accounting practices adopted in Colombia or the United States and should not be considered in isolation or as an alternative to net profit, as an indicator of operating performance, or to operating cash flows as an indicator of liquidity. EBITDA does not have a standardized definition and the EBITDA definition presented herein may not be consistent with EBITDA used by other companies. EBITDA has certain limitations as a measure of our profitability in that it does not consider certain of our recurring costs that may have a significant impact on our net profit, including net financial expenses, taxes, depreciation, amortization and depletion. See "Presentation of Financial and Other Information—EBITDA."

We calculate EBITDA as follows:

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
			(in millions of U.S.$)		
	(unaudited)				
Net profit....................................	245	225	812	670	553
(+) Depreciation and amortization...........................	27	28	116	105	97
(+) Income tax............................	74	120	414	382	398
(–/+) Financial (income) expenses, net..........................	(25)	(16)	6	9	31
EBITDA....................................	**321**	**357**	1,348	1,166	1,079

(4) EBITDA margin is calculated as EBITDA divided by revenue, expressed as a percentage.

(5) Outstanding debt is presented based on the nominal amount of debt, which corresponds to the U.S.$500,000,000 we have outstanding on our 4.000% notes due 2021.

(6) Outstanding debt/EBITDA is calculated as outstanding debt for the period divided by EBITDA for the period, except for EBITDA for the three months ended March 31, 2020 and 2019 for which it is presented on an annualized basis. Annualized EBITDA for each of the three-month periods ended March 31, 2020 and 2019 is derived by multiplying the total EBITDA for each of three month period by four. Our computations of annualized EBITDA may not be representative of our actual annual results.

(7) Total transportation cash cost is equivalent to our operational and administrative expenses for the period, comprising our maintenance and repairs, services, depreciation, personnel, leases, fees, amortization and other expenses.

The following table sets forth the established tariffs for each segment of the Ocensa Pipeline and for the Port of Coveñas for the periods indicated:

	For the year ended December 31,		
	2019	2018	2017
		(in U.S.$/bbl)	
Segment 0	1.2728	0.5058	0.4923
Segment I	0.8092	0.5489	0.5387
Segment II	3.5584	3.4877	3.4185
Segment III	3.3907	3.0117	2.9533
Port of Coveñas	0.5086	0.5086	0.5086

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited financial statements as of December 31, 2019, 2018 and 2017 and the related notes thereto, each included elsewhere in this listing memorandum, as well as with the information presented under "Presentation of Financial and Other Information" and "Selected Financial and Other Information."

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in these estimates and forward-looking statements as a result of various factors, including, without limitation, those set forth in "Forward-Looking Statements" and "Risk Factors."

Overview

We are a crude oil transportation company incorporated on December 14, 1994 to design, build, operate and manage a crude oil pipeline transportation system. We own and operate the Ocensa Pipeline, the largest crude oil pipeline in Colombia, covering 836 km on land and 12 km underwater. The Ocensa Pipeline, our primary asset, was completed and became operational in 1998 and has a current capacity of 745 kbpd at the largest segment of the pipeline (Segment II), reflecting the completion of Project Potencia 135 in 2016. In 2019 and for the three-month period ended March 31, 2020, we estimate the Ocensa Pipeline transported approximately 66% and 64%, respectively, of Colombia's total production of crude oil, dilutents and condensates, and exported through the TLU-2, approximately 57% and 59%, respectively, of Colombia's national production of crude oil, dilutents, condensates and total crude oil for exports (excluding crude oil used to produce intermediate fuel oil and minor exports from third-party ports). The Ocensa Pipeline transports crude oil ranging from light crude oil and intermediate blends to heavy crudes, on behalf of crude oil producers, from Colombia's most prolific basins, including the Llanos basin and the Arauca basin, which in 2019 accounted for 69% and 6%, respectively, of Colombia's national production of crude oil, to the Port of Coveñas, Colombia's primary public crude oil export facility.

In 2019, our revenue and net profit totaled U.S.$1,556 million and U.S.$812 million, respectively, compared to U.S.$1,401 million and U.S.$670 million in 2018 and U.S.$1,325 million and U.S.$553 million in 2017, respectively, while our EBITDA totaled U.S.$1,348 million in 2019, compared to U.S.$1,166 million in 2018 and U.S.$1,079 million in 2017. For the three-month period ended March 31, 2020, our revenue and net profit totaled U.S.$363 million and U.S.$245 million, respectively, compared to U.S.$367 million and U.S.$225 million for the three-month period ended March 31, 2019, respectively, while our EBITDA totaled U.S.$321 million for the three-month period ended March 31, 2020, compared to U.S.$357 million for the three-month period ended March 31, 2019.

Our majority shareholder, with 72.648% of our equity, is Cenit Transporte y Logística de Hidrocarburos S.A.S., or Cenit, a wholly-owned subsidiary of Ecopetrol, the Colombian national oil and gas company and Colombia's largest producer of crude oil and gas. Ecopetrol has accounted for approximately 58% of Colombia's total crude oil production, on average, over the past five years according to the ANH and ACP. Of our remaining equity, 22.352% is beneficially held by AI Candelaria (Spain) S.L., a joint venture held between I Squared Capital, through its private fund ISQ Global Infrastructure Fund II and Grupo Romero, two global private equity firms, which acquired the shares on February 7, 2020 from Advent, while 5.000% is beneficially held by Darby Colpatria Capital, a private equity investment vehicle of Franklin Templeton, through a shareholding trust.

Financial Presentation and Accounting Policies

Presentation of Financial Statements

Our audited financial statements as of and for the years ended December 31, 2019, 2018 and 2017 have been prepared in accordance with Colombian IFRS and audited by Ernst & Young Audit S.A.S.

Critical Accounting Policies and Estimates

The preparation of our the financial statements requires our management to make judgments, estimates and assumptions to quantify some of the assets, liabilities, income, expenses and commitments recognized in the financial statements and their disclosures. These estimates have been made based on the best available information, on the facts analyzed, management experience and other factors. Uncertainty about assumptions and estimates could result in future material changes that affect the value of assets or liabilities. Changes to these estimates are recognized prospectively in the period in which the estimate is revised.

Summaries of our significant accounting policies are included in Notes 2, 3 and 4 to our audited financial statements included elsewhere in this listing memorandum. We believe that the consistent application of these policies enables us to provide readers of our audited financial statements with more useful and reliable information about our operating results and financial condition.

Principal Factors Affecting Our Results of Operations

Our results of operations are primarily affected by the following factors:

Crude Oil Transportation Tariffs

We primarily derive our revenue from:

- Tariffs charged to crude oil shippers for the transport of crude oil through the Ocensa Pipeline, which we operate pursuant to a Pipeline Concession; and

- Tariffs we charge for the transfer, storage and loading of crude oil for export at the Port of Coveñas, pursuant to the Port Concession.

The tariffs charged for the transportation of crude oil through the Ocensa Pipeline are calculated based on the methodology established by the Ministry of Mines and Energy and are structured to remunerate the transporter at a determined rate of return, with additional returns permitted for improvements and expansions to pipelines. See "Industry—Tariff Regulation." With respect to the Port of Coveñas, shippers pay a tariff at the point of shipment on firm land as well as an export tariff. Currently, tariffs are revised every four years (adjusted annually based on a weighted average between the US Producer Price Index and the Colombian Consumer Price Index), providing us with predictable time horizons in which tariffs are fixed. Current transportation tariffs are expected to be valid through 2023. However, recently through ACP, E&P companies have expressed concerns that the current tariffs are a non-manageable cost that may represent up to 45% of a producer's total costs of operations, which may pressure these companies to lower production and renegotiate transport tariffs given low oil prices as well as the effects of the COVID-19 pandemic. See "Risk Factors—Risks Relating to Our Business and Industry—We are subject to changes in tariffs established in accordance with the regulations of the Ministry of Mines and Energy and to non-competitive rates for the transportation of crude oil from Vasconia to Coveñas." Pursuant to regulations currently in effect, tariff rates for the transport of crude oil along segments of a pipeline resulting from expansion projects, including Project Potencia 135, may be established, under certain circumstances, by commercial agreement between the parties and these tariffs will be applicable to all shippers that utilize the additional transportation capacity resulting from the expansion.

All other factors remaining constant, an increase or decrease by the Ministry of Mines and Energy in the tariffs we charge our customers would result in a related increase or decrease in our results of operations.

The following table sets forth the established tariffs for each segment of the Ocensa Pipeline and for the Port of Coveñas for the periods indicated:

	For the year ended December 31,		
	2019	**2018**	**2017**
		(in U.S.$/bbl)	

Segment 0	1.2728	0.5058	0.4923
Segment I	0.8092	0.5489	0.5387
Segment II	3.5584	3.4877	3.4185
Segment III	3.3907	3.0117	2.9533
Port of Coveñas	0.5086	0.5086	0.5086

(1) Source: BTO

Crude Oil Transportation Volumes

Our results of operations are directly impacted by the volume of crude oil we transport via the Ocensa Pipeline and that we transfer, store and load at the Port of Coveñas. Pursuant to our shareholders' agreement and transportation agreements, each of our initial shippers and their assignees has the right to transport a fixed volume of crude oil measured in number of barrels per day. In the event the aggregate contracted capacity of our initial shippers is less than the effective capacity of the Ocensa Pipeline, we may offer and allocate the excess capacity among other customers and the initial shippers. In the case of third parties, these services are provided in accordance with our transporter's manual and applicable regulations. For the three-month period ended March 31, 2020, we operated at 92% capacity as compared to 96% capacity for the three-month period ended March 31, 2019, as a result of the slowdown in crude oil production mainly due to the COVID-19 pandemic, which in turn slightly decreased volumes transported and resulted in market oversupply given the lack of agreement between Russia and OPEC on production levels and further depressed oil prices. From January to September 2019, despite Segment II operating at 89% capacity, we sold approximately 12 kbpd in excess capacity to third parties as a result of pipeline transportation efficiencies we obtained along Segments II and III of the Ocensa Pipeline. This excess capacity was the result of, among other things, the use of drag reducing agents, which increase pipeline capacity by reducing turbulence, allowing crude oil to flow more efficiently through the pipeline system. In 2019, 2018 and 2017, we operated at 98%, 94% and 91% of our capacity, respectively.

In addition, pursuant to Colombian regulations, the Colombian Government holds a preferential right to use up to 20% of the total crude oil pipeline capacity to transport the Colombian Government's share of crude oil production, for which we receive compensation at the applicable tariff rate.

Under the "ship and pay" module and all other factors remaining constant, an increase or decrease in the volume of crude oil transported via the Ocensa Pipeline and transferred, stored and loaded at the Port of Coveñas would result in a related increase or decrease in our results of operations.

The table below sets forth the aggregate capacity of the Ocensa Pipeline for the periods indicated:

	For the year ended December 31,								
	2019			**2018**			**2017**		
	Transported Capacity	*Effective Capacity(1)*	*% of Transported Capacity to Effective Capacity*	*Transported Capacity*	*Effective Capacity(1)*	*% of Transported Capacity to Effective Capacity*	*Transported Capacity*	*Effective Capacity(1)*	*% of Transported Capacity to Effective Capacity*
					(in kbpd)				
Segment 0	13.1	198.0	6.6	14.4	198.0	7.3	15.9	198.0	8.0
Segment I	346.0	674.3	51.3	366.8	674.7	54.4	308.4	639.6	48.2
Segment II	664.1	674.3	98.5	637.0	674.7	94.4	580.9	639.6	90.8
Segment III	398.1	489.0	81.4	380.1	490.8	77.4	341.9	444.3	77.0
Port of Coveñas	461.2	N/A	–	397.5	N/A	–	409.9	N/A	–

(1) Based on capacity for heavy crude oil transportation.

See "Business—Our Principal Assets and Operations—The Ocensa Pipeline."

Composition of Transported Crude Oil

The Ocensa Pipeline is currently capable of handling crude oil of different qualities, ranging from light crude oil and intermediate blends to heavy crude oil. The transport of higher quantities of heavy crude oil in relation to light or intermediate crude oils, however, reduces the effective capacity of the Ocensa Pipeline resulting, in a lower volume of crude oil transported via the Ocensa Pipeline and transferred, stored and loaded at the Port of Coveñas. The contracted capacity of our initial shippers assumes the crude oil transported through the Ocensa Pipeline is comprised of 80% heavy crude oil and 20% light or intermediate crude oil. In the event an increase in the quantity of heavy crude oil delivered or to be delivered through the Ocensa Pipeline reduces the effective capacity of the Ocensa Pipeline to below the aggregated contracted capacity of our initial shippers, we have the right, for the duration of the reduction in effective capacity, to reduce, on a pro rata basis, the contracted capacity of our initial shippers that transport heavy crude oil above the 80% threshold.

To the extent the percentage of heavy crude oil to light/intermediate crude oils transported via the Ocensa Pipeline reduces effective capacity of the Ocensa Pipeline and consequently the volume of crude oil transported by our customers, our results of operations may be negatively affected.

The table below sets forth the average ratio of heavy crude oil to light/intermediate crude oils transported via the Ocensa Pipeline for the periods presented:

	For the three-month period ended March 31,		**For the year ended December 31,**		
	2020	**2019**	**2019**	**2018**	**2017**
			(in kbpd)		
Heavy Crude Oil..........................	386	364	369	341	347
Light/Intermediate Crude Oils......	231	282	295	297	234

Ability to Obtain Additional Financing

The implementation of our strategy will require additional investment and result in increased capital requirements. As with other companies in our industry, we require a significant amount of capital to satisfy our capital expenditure requirements and remain competitive.

Additionally, we may experience an increase in our operating costs and administrative expenses, due to, among other things:

- expenses related to our maintenance program,
- a labor shortage,
- increased cost of equipment, and
- our growth, requiring that we obtain additional funding.

We intend to utilize bank financings, cash generated by our operations and issuances of securities in the capital markets to meet these needs, but there can be no assurance that adequate funding will be available or available to us on favorable terms.

Colombian Macroeconomic Environment

As all of our operations are in Colombia, our results of operations and financial condition are also affected by Colombia's general economic conditions.

The following is a summary of key economic indicators for Colombia:

- From 2014 to 2019, Colombia experienced real GDP growth every period. Real GDP grew by 4.50% in 2014, 2.96% in 2015, 2.09% in 2016, 1.36% in 2017, 2.52% in 2018 and 3.32% in 2019. For the three-month period ended March 31, 2020, Colombia reported GDP growth of 1.1%. However, the COVID-19 pandemic has had a negative effect on Colombian GDP as further discussed below.

- Inflation, as measured by the change in the consumer price index, or CPI, was 3.66% in 2014, 6.77% in 2015, 5.75% in 2016, 4.09% in 2017, 3.18% in 2018 and 3.80% in 2019. The producer price index increased 6.33% in 2014, 5.48% in 2015, 2.16% in 2016, 3.27% in 2017, 2.31% in 2018 and 6.09% in 2019. As of April 2020, CPI was 3.51%.

- The Colombian Central Bank's interest rate (*tasa de intervención del Banco de la República*) as of the end of each year was 4.50% in 2014, 5.75% in 2015, 7.50% in 2016, 4.75% in 2017, 4.25% in 2018 and 4.25% in 2019. During 2020, the Colombian Central Bank has reduced this interest rate to a current rate of 2.50%.

The following table sets forth information regarding additional economic indicators for Colombia:

	For the year ended December 31,		
	2017	**2018**	**2019**
Population	49,291,609	48,843,240	50,374,478
Annual GDP at 2015 constant prices (billions of Ps$)	832,656	853,600	881,958
Annual real GDP growth	1.36%	2.52%	3.32%
Inflation	4.09%	3.18%	3.80%
Unemployment	9.2%	10.4%	10.2%
Total debt/GDP	46.4%	49.4%	50.2%
Central Government external debt (billions of Ps$)	142,552	164,090	169,508
% domestic debt	50%	51%	47%
Net international reserves (millions of U.S.$)	47,629	48,392	53,167
International reserves/Central Government external debt	33.41%	29.49%	31.37%
Central Government external debt/GDP	15.5%	16.6%	16.0%
Central Bank of Colombia's interest rate (tasa de intervención del Banco de la República)	4.75%	4.25%	4.25%

Sources: The DANE, the Colombian Central Bank, the Ministry of Finance and Public Credit.

As a consequence of the macroeconomic shock caused by the COVID-19 pandemic, the Colombian Government, with the prior favorable opinion of the Fiscal Rule Advisory Council, determined to suspend the fiscal rule for 2020 and 2021. The estimated fiscal deficit for 2020 and 2021 is 8.2% and 5.1% of GDP, respectively. If the economic and public health crisis caused by the COVID-19 outbreak continues and the Colombian Government's measures are not effective, the economic performance of the country may suffer further than already anticipated, as a result of adverse effects on commerce, transportation and foreign investment, among other things, and thus may potentially adversely affect Colombia's ability to service its debt. The effects of the COVID-19 pandemic and the economic shutdown may also include an increase in unemployment, a reduction in household income, reduction in governmental revenues, increased Colombian Government expenditures and a deterioration of Colombia's financial position. For example, during May 2020, the unemployment rate in Colombia rose to 21.2% as compared to 10.4% in May 2019, primarily as a result of the economic impact caused by the COVID-19 pandemic. Moreover, the COVID-19 pandemic has contributed and coincided with sharply lower demand for oil and its derivatives and as a result a lower and more volatile price of oil and gas, which has also negatively affected the Colombian economy and the financial position of Ecopetrol, our main customer. The Colombian Government has projected Colombia's GDP to contract 5.5% and enter its first recession in over two decades.

Colombia's long-term public external indebtedness is currently rated investment grade by S&P, Moody's and Fitch. On March 26, 2020, S&P released a negative outlook on Colombia's long-term foreign currency issuer default rating while maintaining its BBB- rating. Furthermore, on April 1, 2020, Fitch Ratings downgraded Colombia's long-term foreign currency issuer default rating to BBB- from BBB with a negative outlook. Moody's has maintained Colombia's investment grade rating with a stable outlook since May 23, 2019. Credit ratings are not a recommendation to buy, sell or hold securities and may be subject to downward revision, suspension or withdrawal at any time by the relevant rating agencies. Each rating should be evaluated independently of any other rating.

Impact of Global Oil Prices and COVID-19

The disagreement on production cuts between OPEC and Russia since the beginning of March 2020, followed by the decision of Saudi Arabia to reduce its sale oil prices and increase its production to gain market share, negatively impacted the international reference prices for crude oil in 2020 to date. Furthermore, as a result of the COVID-19 pandemic and measures put in place to slow its spread, including the imposition of quarantines and medical screenings, travel restrictions and the suspension of many economic activities, we have seen and expect to continue to see substantial uncertainty in macroeconomic conditions with regards to lower prices and demand for crude oil, gas and related products. These recent global developments have resulted in a significant drop in the Brent crude oil price, with Brent crude reaching a low of U.S.$19.33 per barrel on April 21, 2020. This drop has affected E&P companies, such as our main customer, Ecopetrol, that operate in the areas we serve. In particular, many of them, including Ecopetrol, have had to cut production in order to protect the cash flow and profitability of their operations. Recent statistics published by the ANH and the MME showed that national crude oil production in Colombia decreased by almost 87 kbpd from January through April 2020 and by 152 kbpd for the month of May 2020.

In terms of the financial effect of these recent developments on us, as our customers' businesses depend substantially on international prices for crude oil, while our results of operations were in line with our expectations for the months of January and February 2020, the sharp decrease in oil prices in March 2020 resulted in a slight decrease in volumes transported through the Ocensa Pipeline. This volume decrease had an immaterial negative impact on our results of operations for the first quarter of 2020 in comparison to the first quarter of 2019. More specifically, even though we recorded a decrease in our revenue and EBITDA from U.S.$367 million and U.S.$357 million, respectively, during the three-month period ended March 31, 2019, to U.S.$363 million and U.S.$321 million in revenue and EBITDA, respectively, during the three-month period ended March 31, 2020, most of this decrease was unrelated to the oil price decrease and the COVID-19 pandemic. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Three Months Ended March 31, 2020 compared with the Three Months Period Ended March 31, 2020." We expect that our revenue, net profit, and EBITDA will be even further negatively impacted in the second quarter of 2020 as the volumes transported through the Ocensa Pipeline continued to decrease. We expect our cash flows from operating activities to decrease during the second quarter of 2020 as compared to the second quarter of 2019, in part because of a decrease in cash payments from some of our customers and an equivalent increase in accounts receivables from such customers based on the temporary deferral of payments. However, as of the date of this listing memorandum, we do not expect the associated cash flow impact to be significant. In addition, we are actively working on a cost reduction program to protect our opertaing margin. See "Summary—Recent Developments."

Impact of Accounting Principles Applicable to Service Concession Arrangements

According to the IFRS Interpretations Committee ("IFRIC") as set forth in IFRIC 12, a service concession agreement is recognized under the intangible model asset when the operator acquires a right (license) to be charged to users, or for the purpose of its use of the public service.

In the intangible asset model, the value of the asset is reduced through amortization, not through reimbursements. This leads to the recognition of income in two different moments: the first time for the provision of construction services (in exchange for the intangible asset), and the second time, when payments are received for the use of these services. The intangible asset must be amortized during the period of the concession and through the straight line method. As such, the Port Concession is accounted for as an intangible asset taking into consideration that we do not have the right to receive a fixed remuneration which would guarantee an income stream during the term of the concession. What is paid for the variable component each year is recorded in the statement of income (expenses). The costs incurred in investment commitments are recorded as construction costs and, simultaneously, construction revenues are recognized in the statement of income. See Note 4.5 to our audited financial statements.

Impact of Colombian Tax Reform

On October 22, 2019, the Colombian government presented to Congress a tax reform bill, the Economic Growth Law ("Law No. 2010") aimed at replacing the prior tax law (the "Financing Law"), which had been declared unconstitutional due to formal flaws in the process on enactment in the Congress. On December 27, 2019, the President of Colombia signed the bill into Law No. 2010, after it was approved by Congress. The law seeks to continue promoting economic development and creates the basis for reducing inequality gaps in the country. Law No. 2010 includes the same provisions as the Financing Law and in addition it includes four measures that seek to benefit the most vulnerable population: (i) a VAT refund to the 20% poorest in the population; (ii) a gradual reduction in health contributions, from 12% to 4%, by retirees who receive a minimum pension salary; (iii) incentives for companies to hire young people; and (iv) three non-VAT days per year in which certain sales will not be subject to this tax. In addition, Law No. 2010 reduced tax rates for Colombian companies to 32 % in 2020, 31% in 2021 and 30% in 2022 and thereafter. Moving forward, higher taxes could negatively affect our results of operations and cash flow.

Impact of Non-Application of Certain Provisions of IAS 12 – Income Tax

The Contaduría General de la Nación by means of the filed communication CGN No.20162000000781 of January18, 2016, determined that the Company should not apply IAS 12 Income tax, paragraphs 38 to 45, stating that the deferred tax from the variations in the exchange rate resulting from comparing assets and liabilities in terms of its functional currency (U.S. dollar) to the tax bases in a different currency (Colombian pesos) should not be recognized in the financial statements. The effect of the non- application of paragraph 41 of IAS 12 in the deferred income tax is as a follows:

Period	Deferred Income Tax	Retained Earnings
2017	(12)	44
2018	2	46
2019	(12)	34
First quarter of 2020	53	87

Description of Principal Income Statement Line Items

The following is a brief description of the principal line items that comprise our statement of operations:

Revenue from Ordinary Activities

Revenue from ordinary activities comprises primarily income we derive for services associated with the transportation of crude oil under various types of contracts, such as "ship and pay" and "ship or pay" contracts. The income generated is recognized when the control of the services is transferred to the client and there are no conditions in which there are effects on a variable price related to volumetric adjustments or other contractual conditions that prevent recognition of income.

"Ship or pay" operations are recorded as income irrespective of whether the crude oil is actually transported. "Ship and pay" operations are included as income in the period in which the transport activity is carried out. However, to the extent a "ship and pay" contract includes performance conditions, including any related to price adjustments, income is recognized when such conditions are fulfilled. See "Business—Material Agreements—Transportation Agreements."

In 2019, “ship and pay” contracts accounted for 80% of our consolidated revenues and “ship or pay” contracts accounted for 20% of our consolidated revenue. For the three-month period ended March 31, 2020, “ship and pay” contracts accounted for 79% of our consolidated revenues and “ship or pay” contracts accounted for 21% of our consolidated revenue. See Note 4.10 to our audited financial statements.

Cost of Sales

Cost of sales comprise primarily the direct costs associated with revenue we derive from the transportation of crude oil along the Ocensa Pipeline, transfer, storage and loading of crude oil for export at the Port of Coveñas and other income related to services.

Other operating income (expenses), net

Other operating income (expenses), net, comprise primarily contractual indemnities, losses from retirement of assets and impairment losses

Financial costs, net

Financial costs, net is the sum of financial expenses, net, exchange difference gain (loss), net and other financial income (expenses), in turn these line items mainly comprise:

- *Financial expenses, net* comprise sum of (i) financial costs and (ii) costs yields and interest, which primarily reflect interest payments made in connection with our indebtedness.

- *Exchange difference gain (loss), net* comprises gains earned or losses in relation to our foreign currency-denominated assets and liabilities incurred in connection with exchange rate variations between the U.S. dollar and the Colombian peso. See “—Qualitative and Quantitative Information About Market Risk—Exchange Rate Risk.”

- *Other financial income (expenses), net* comprise the sum of (i) default interests, (ii) other financial income (expenses), (iii) financial expense rights of use and (iv) monetization, which primarily reflect income generated or expenses incurred in connection with activities unrelated to the transportation of crude oil, including the recovery of equipment and materials previously committed to projects, the establishment or reversal of provisions recorded in connection with probable liabilities and certain expenses incurred in connection with derivative instruments.

Income tax expense

Income tax expense comprises taxes paid to the Colombian Government on the revenue we earn in a fiscal year. We are subject to tax on our income at statutory corporate income tax rate of 32% in 2020, 31% in 2021 and 30% from 2022 and thereafter.

Results of Operations

The following discussion of our results of operations is based on our audited financial statements prepared in accordance with Colombian IFRS and applicable law. In the following discussion, references to increases or decreases in any year are made by comparison with the corresponding prior year, except as the context otherwise indicates.

Three Months Ended March 31, 2020 compared with the Three Months Period Ended March 31, 2020

The following table sets forth our financial information for the three months ended March 31, 2020 and 2019.

For the Three Months Ended March 31,

	2020	2019	% Change
	(in millions of U.S.$, unless otherwise indicated)		
Income statement data:			
Revenue from ordinary activities	$363	$367	(1)%
Cost of sales	(60)	(71)	(15)%
Operations and project expenses	(3)	(3)	0%
Administrative expenses	(6)	(6)	0%
Other operating income (expense), net	0	42	N/A
Operating profit	**294**	**329**	**(11)%**
Financial costs, net (1):	**25**	**16**	56%
Financial expenses, net (2)	(2)	(3)	(33)%
Exchange difference gain (loss), net	28	(5)	N/A
Other financial (expenses) income, net (3)	(1)	24	N/A
Profit before income tax	**319**	**345**	**(8)%**
Income tax expense	(74)	(120)	(38)%
Net profit	**245**	**225**	**9%**

(1) Financial costs, net, is the sum of financial expenses, net, exchange difference gain (loss), net and other financial income (expenses), net. See Note 25 to our unaudited financial statements.
(2) Financial expenses, net reflect the sum of (i) financial costs and (ii) costs yields and interest. See Note 25 to our unaudited financial statements.
(3) Other financial income (expenses) reflects (i) default interests, (ii) other financial income (expenses), (iii) financial expense rights of use and (iv) monetization. See Note 25 to our unaudited financial statements.

Revenue from ordinary activities

Revenue from ordinary activities decreased by 1% to U.S. $363 million for the three months ended March 31, 2020 from U.S.$367 million for three months ended March 31, 2019, primarily as a result of the net effect of:

- A decrease in the volume of oil we transported along the Ocensa Pipeline and transferred, stored and loaded at the Port of Coveñas, primarily resulting from a decrease in the volume received from the Caño Limón, which flows into the Ocensa Pipeline whenever the CLC is inoperative to avoiding shutdown of production in the Caño Limón field. This decrease in volume from CLC was mainly due to a decrease in attacks against the CLC in the three months ended March 31, 2020, which in turn resulted in less interruptions requiring rerouting to the Ocensa Pipeline. In addition, this decrease was partly attributable to a decrease in volumes transported by many of our customers, particularly Ecopetrol, in the month of March 2020, driven primarily by the drop in the price of crude oil, which in turn was due to (i) oversupply given the disagreement on production cuts between OPEC and Russia and (ii) decrease in demand given the measures taken to control the COVID-19 pandemic. The table below sets forth the decrease in the average daily volume of crude oil transported along the Ocensa Pipeline and through the Port of Coveñas for the three months ended March 31, 2020 and 2019.

	For three months ended March 31,	
	2020	2019
	(in kbpd)	
Segment 0	10	14
Segment I	266	352
Segment II	617	646
Segment III	366	416
Port of Coveñas	420	480

- An increase of 10% in the applicable tariffs on all segments as a result of the tariff revision of June 2019 in accordance with the methodology established by the MME and the annual increase of P135 tariffs established in P135 agreements, which partially offset the volume decrease discussed above.

Cost of sales

Cost of sales decreased by 15% to U.S.$60 million for the three months ended March 31, 2020 from U.S.$71 million for the three months ended March 31, 2019, primarily as a result of (i) a decrease in volumes transported as described above, (ii) our renegotiation of certain service contracts and (ii) adjustments in our maintenance strategy to focus on prevention, which reduced the number of failures and consequently decreased the higher costs of corrective measures.

Cost of sales as a percentage of revenue decreased to 17% for the three months ended March 31, 2020 from 19% for the three months ended March 31, 2019, principally driven by lower costs due to lower volumes transported, lower consumption costs for fuel oil and lower gas and DRA rates.

Operations and project expenses

Operations and project expenses remained stable at U.S.$3 million in each of the three months ended March 31, 2020 and 2019, respectively.

Administrative expenses

Administrative expenses remained stable at U.S.$6 million in each of the three months ended March 31, 2020 and 2019, primarily as a result of a revamping of our information technology strategy to consolidate resources and eliminate redundant services and tools.

Other operating income (expenses), net

Other operating income decreased to U.S.$0.1 million for the three months ended March 31, 2020 from U.S.$42 million for the three months ended March 31, 2019, primarily as a result of the U.S.$51 million arbitral award that Equion and Santiago paid us in 2019, which was not present in 2020.

Operating profit

As a result of the foregoing, our operating profit decreased by 11% to U.S.$294 million for the three months ended March 31, 2020 from U.S.$329 million for the three months ended March 31, 2019.

As a percentage of revenue, operating profit decreased to 81% for the three months ended March 31, 2020, from 90% for the three months ended March 31, 2019.

Financial expenses, net

Financial expenses, net decreased by 33% to U.S.$2 million for the three months ended March 31, 2020 from U.S.$3 million for the three months ended March 31, 2019, primarily as a result of a U.S.$1 million increase in interest income from bank and time deposits. As a percentage of revenue, financial expenses, net decreased to 0.6% for the three months ended March 31, 2020, from 1% for the three months ended March 31, 2019.

Exchange difference gain (loss), net

We observed a reversal in our exchange difference results from a loss of U.S.$5 million for the three months ended March 31, 2019 to a gain of U.S.$28 million for the three months ended March 31, 2020, primarily as a result of a U.S.$46 million gain attributable to the net effect of (x) our Ps$897,914 million net liability position and (y) the depreciation of the Colombian peso against the U.S. dollar (to a rate of Ps$4,064.81 per U.S.$1.00 as of March 31, 2020 from a rate of Ps$3,277.14 per U.S.$1.00 as of December 31, 2019), partially offset by a U.S.$18 million exchange difference loss on our hedges given that we were out of the money as the contracted exchange rate was lower than the realized exchange rate.

Other financial income (expenses), net

We saw a reversal in other financial income (expenses), net to expenses of U.S.$1 million for the three months ended March 31, 2020 compared to income of U.S.$24 million for the three months ended March 31, 2019, primarily as a result of the U.S.$24 million in default interest we received in the three months ended March 31, 2019 in connection with the $51 million arbitral award that Equion and Santiago paid us in 2019, which default interest income was not present in the three months ended March 31, 2020. As a percentage of revenue, other financial income (expenses), net decreased to 0% for the three months ended March 31, 2020, from 7% for the three months ended March 31, 2019.

Profit before income tax

As a result of the foregoing, profit before income tax decreased to U.S.$319 million for the three months ended March 31, 2020, from U.S.$344 million for the three months ended March 31, 2019.

Income tax expense

Our income tax expense decreased by 38% to U.S.$74 million for the three months ended March 31, 2020 from U.S.$120 million for the three months ended March 31, 2019, primarily as a result of (i) the 8% decrease in our profit before income tax, (ii) the decrease in the income tax rate to 32% in 2020 from 33% in 2019, and (iii) the depreciation of the Colombian peso against the U.S. dollar.

As a percentage of revenue, income tax expense decreased to 20% for the three months ended March 31, 2020, from 33% for the three months ended March 31, 2019.

Net profit

As a result of the foregoing, net profit increased to U.S.$245 million for the three months ended March 31, 2020, from U.S.$225 million for the three months ended March 31, 2019.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

The following table sets forth our financial information for the years ended December 31, 2019 and 2018.

	For the year ended December 31,		
	2019	**2018**	**% Change**
	(in millions of U.S.$, unless otherwise indicated)		
Income statement data:			
Revenue from ordinary activities	$1,556	$1,401	11%
Cost of sales	(326)	(296)	10%
Operations and project expenses	(16)	(17)	(6)%
Administrative expenses	(24)	(24)	0%
Other operating income (expense), net	42	(3)	N/A
Operating profit	**1,232**	1,061	**16%**
Financial costs, net (1):	**(6)**	(9)	**(33)%**
Financial expenses, net (2)	(13)	(16)	(19)%
Exchange difference gain (loss), net	(14)	9	N/A
Other financial income (expenses), net (3)	21	(2)	N/A
Profit before income tax	**1,226**	1,052	**17%**
Income tax expense	(414)	(382)	8%
Net profit	**812**	670	**21%**

(1) Financial costs, net, is the sum of financial expenses, exchange difference gain (loss), net and other financial income (expenses), net. See Note 26 to our audited financial statements.
(2) Financial expenses, net reflect the sum of (i) financial costs and (ii) costs yields and interest. See Note 26 to our audited financial statements.
(3) Other financial income (expenses) reflects (i) default interests, (ii) other financial incomes (expenses), (iii) financial expense rights of use and (iv) monetization. See Note 26 to our audited financial statements.

Revenue from ordinary activities

Revenue from ordinary activities increased by 11% to U.S. $1,556 million in 2019 from U.S.$1,401 million in 2018, primarily as a result of:

- An increase of 4.2% in the volume of crude oil we transported along the Ocensa Pipeline and transferred, stored and loaded at the Port of Coveñas to 664 kbpd in 2019 from 637 kbpd in 2018, mainly due to increased volume resulting from our customers' operational decisions and increased volume from Caño Limón, which volumes are transported by the Ocensa Pipeline when transportation through the CLC is interrupted. The table below sets forth the increases in the average daily volume of crude oil transported along the Ocensa Pipeline and through the Port of Coveñas in 2019 and 2018.

	For the year ended December 31,	
	2019	**2018**
	(in kbpd)	
Segment 0	13	14
Segment I	346	367
Segment II	664	637
Segment III	398	380
Port of Coveñas	461	398

- An increase of 10% in the applicable tariffs on all segments as a result of the tariff revision of June 2019 in accordance with the methodology established by the MME and the annual increase of P135 tariffs established in P135 agreements.

- An increase of U.S.$.1 million mainly attributable to services for loading crude oil for export at the Port of Coveñas.

- An increase of U.S.$27 million in the recognition of revenue related to the accounting treatment for concessions, primarily as a result of an increase in the investment in off-shore facilities in the Coveñas terminal.

Cost of sales

Cost of sales increased by 10% to U.S.$326 million in 2019 from U.S.$296 million in the year ended December 31, 2018, primarily as a result of a 4.2% increase in the volume of crude oil transported, which resulted in increased use of energy when compared to 2018. Cost of sales as a percentage of revenue decreased to 21 % in 2019, from 21% in 2018, principally driven by pipeline operation optimization strategies implemented in 2019.

Operations and project expenses

Operations and project expenses decreased by 6% to U.S.$16 million in 2019, from U.S.$17 million in 2018, primarily as a result of the implementation of operational optimization strategies which reduced costs and expenses due to (i) renegotiation of service contracts, including fixed rate agreements with Ecopetrol to operate stations and (ii) the postponement of certain non-essential preventive maintenance and hydraulic analysis.

Administrative expenses

Administrative expenses remained stable at U.S.$24 million in each of 2019 and 2018.

Other operating income (expenses), net

We saw a reversal in other operating income (expenses), net from expenses of U.S.$3 million in 2018 to income of U.S.$42 million in 2019. This reversal primarily reflects the U.S.$51 million arbitral award that Equion and Santiago paid to us, which was partially offset by the recognition of a U.S.$9 million loss on retirement of certain assets.

Operating profit

As a result of the foregoing, our operating profit increased by 16% to U.S.$1,232 million in 2019, from U.S.$1,061 million in 2018.

As a percentage of revenue, operating profit increased to 79.1% in 2019, from 75.8% in 2018.

Financial expense, net

Financial expense, net, decreased by 19% to U.S.$13 million in 2019, from U.S.$16 million in 2018. This net decrease mainly reflects a U.S.$3 million increase in interest income from bank and time deposits, which was partially offset by the payment of U.S.$20 million interest on bonds issued in 2014 in each of 2019 and 2018. As a percentage of revenue, financial expense, net decreased to 1% in 2019, from 1% in 2018.

Exchange difference gain (loss), net

We observed a reversal in our exchange difference results from a gain of U.S.$9 million in 2018 to a loss of U.S.$14 million in 2019. U.S.$10 million of this loss is attributable to the net effect of (x) our Ps$842,729 million net liability position and (y) the depreciation of the Colombian peso against the U.S. dollar (to a rate of Ps$3,277.14 per U.S.$1.00 as of December 31, 2019 from a rate of Ps$3,249.75 per U.S.$1.00 as of December 31, 2018). The remaining U.S.$4 million of this loss is attributable to exchange difference losses on our hedges given that we were out of the money as the contracted exchange rate was lower than the realized exchange rate.

Other financial income (expenses), net

We saw a reversal in other financial income (expenses), net from expenses of U.S.$2 million in 2018 to income of U.S.$21 million in 2019. This reversal primarily reflects U.S.$24 million in default interest on the U.S.$51 million arbitral award that Equion and Santiago paid us in 2019, which was partially offset by the recognition of rights of use as a result of the implementation of IFRS 16 and monetization. As a percentage of revenue, other financial income (expenses), net was 1% in 2019 compared to 0% in 2018.

Profit before income tax

As a result of the foregoing, profit before income tax increased by 17% to U.S.$1,226 million in 2019, from U.S.$1,052 million in 2018.

Income tax expense

Our income tax expense increased by 8% to U.S.$414 million in 2019 from U.S.$382 million in 2018, primarily as a result of 17% increase in profit before income tax. This increase was partially offset by the decrease in the corporate income tax rate to 33% in 2019 from 37% in 2018.

As a percentage of revenue, income tax expense remained stable at 27% in each of 2019 and 2018.

Net profit

As a result of the foregoing, net profit increased by 21% to U.S.$812 million in 2019, or 52% of revenue, compared to U.S.$670 million in 2018, or 48% of revenue.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

The following table sets forth our financial information for the years ended December 31, 2018 and 2017.

	For the year ended December 31,		
	2018	**2017**	**% Change**
	(in millions of Ps$, unless otherwise indicated)		
Income statement data:			
Revenue from ordinary activities ...	**$1,401**	**$1,325**	**6%**
Cost of sales....................................	(296)	(261)	13%
Operations and project expenses	(17)	(16)	6%
Administrative expenses.................	(24)	(24)	0%
Other operating income (expense), net	(3)	(42)	(93)%
Operating profit	**1,061**	**982**	**8%**
Financial costs, net (1)..................	**(9)**	**(31)**	**(71)%**
Financial expenses, net (2)	(16)	(18)	(11)%
Exchange difference gain (loss), net	9	(10)	(190)%
Other financial income (expenses), net (3)	(2)	(3)	(33)%
Profit before income tax...............	**1,052**	**951**	**11%**
Income tax expense	(382)	(398)	(4)%
Net profit	**670**	**553**	**21%**

(1) Financial costs net, is the sum of financial expenses, net exchange difference gain (loss), net and other financial income (expenses), net. See Note 26 to our audited financial statements.
(2) Financial expenses, net reflect the sum of (i) financial costs and (ii) costs yields and interest. See Note 26 to our audited financial statements.
(3) Other financial income (expenses) reflects (i) default interests, (ii) other financial incomes (expenses), (iii) financial expense rights of use and (iv) monetization. See Note 26 to our audited financial statements

Revenue from ordinary activities

Revenue from ordinary activities increased by 6% to U.S.$1,401 million in 2018 from U.S.$1,325 million in 2017, primarily as a result of the net effect of:

- An increase in the volume of crude oil we transported along the Ocensa Pipeline and transferred, stored and loaded at the Port of Coveñas to 637 kbpd in 2018 from 581 kbpd in 2017, mainly due to increased volume resulting from our customers' higher oil production, customers' operational decisions and increased volume from Caño Limón, which is transported by the Ocensa Pipeline when transportation through the CLC is interrupted. The table below sets forth the increases in the average daily volume of crude oil transported along the Ocensa Pipeline and through the Port of Coveñas in 2018 and 2017:

	For the year ended December 31,	
	2018	**2017**
	(in kbpd)	
Segment 0..	14	16
Segment I...	367	308
Segment II	637	581
Segment III..	380	342
Port of Coveñas	398	410

- An increase of 3% in the applicable tariffs to all segments in accordance with the methodology established by the Ministry of Mines and Energy and the annual increase of P135 tariffs established in P135 agreements.

- A decrease of U.S. $4 million mainly attributable to a decrease in revenue for services for loading of crude oil for export at the Port of Coveñas.

- Recognition of U.S.$6 million in revenue related to the accounting treatment for concessions.

Cost of Sales

Cost of sales increased by 13% to U.S.$296 million in the year ended December at 31, 2018 from U.S.$261 million in the year ended at December 31, 2017, primarily as a result of an increase in the volume of crude oil transported, which resulted in an increase use of energy and costs for the start up of project P135 when compared to 2017. Cost of sales as a percentage of revenue increased to 21 % in 2018, from 20% in 2017.

Operations and project expenses

Operations and project expenses increased by 6% to U.S.$17 million in 2018, from U.S.$16 million in 2017, primarily as a result of the implementation of operational optimization strategies to reduce costs and expenses in connection with fee payments insurance, leases and maintenance services.

Operations and project expenses as a percentage of revenue decreased to 1% in 2018, from 1% in 2017.

Administrative expenses

Administrative expenses remained stable at U.S.$24 million in each of 2018 and 2017.

Other operating income (expenses), net

Other operating income (expenses), net decreased by 93% to expenses of U.S.$3 million in 2018 from U.S.$42 million in 2017. This decrease in expenses was caused by the reversal of a provision recorded in 2017 to cover a probable loss in an arbitration initiated by Meta Petroleum and Frontera Energy, which was finally adjudicated on July 12, 2018.

Operating profit

As a result of the foregoing, our operating profit increased by 8% to U.S.$1,061 million in 2018, from U.S.$982 million in 2017.

As a percentage of revenue, operating profit increased to 76% in 2018, from 74% in 2017.

Financial expenses, net

Financial expenses, net, decreased by 11% to expenses of U.S.$16 million in 2018, from expenses of U.S.$18 million in 2017. Although we paid U.S.$20 million of interest in each of 2018 and 2017 in respect of our bonds issued in 2014, the decrease reflects the fact that we received U.S.$4 million in bank interest in 2018 as compared to only U.S.$2 million in 2017.

As a percentage of revenue, financial expenses, net decreased to 1.1% in 2018, from 1.5% in 2017.

Exchange difference gain (loss), net

We observed a reversal in our exchange difference results from a U.S.$10 million loss in 2017 to a gain of U.S.$9 million in 2018. This gain is primarily the result of a U.S.$19 million exchange difference gain on our hedges given that we were in the money as the contracted exchange rate was higher than the realized exchange rate, partially offset by a U.S.$10 million loss attributable to the net effect of (x) our Ps$570,484 million net liability position and (y) the depreciation of the Colombian peso against the U.S. dollar (to a rate of Ps$3,249.75 per U.S.$1.00 as of December 31, 2018 from a rate of Ps$2,984 per U.S.$1.00 as of December 31, 2017).

Other financial income (expenses), net

Other financial income (expenses), net decreased to an expense of U.S.$2 million in 2018, from an expense of U.S.$3 million in 2017, primarily as a result of recognition in 2017 of financial costs in connection with the Port Concession interest differential of employees according to IAS 19—Employee Benefits and other financial expenses.

As a percentage of revenue, other financial income (expenses), net remained stable in each of 2018 and 2017.

Profit before income tax

As a result of the foregoing, profit before income tax increased by 11% to U.S.$1,052 million in 2018, from U.S.$951 million in 2017.

As a percentage of revenue, profit before income tax increased to 75% in 2019, from 72% in 2017.

Income tax expense

Our income tax expense decreased by 4% to U.S.$382 million in 2018, from an income tax expense of U.S.$398 million in 2017, primarily as a result of Law 1943 issued by the Colombian government pursuant to which the certain substantial tax aspects were modified resulting in an impact on deferred tax expense in 2018.

As a percentage of revenue, income tax expense decreased to 27% in 2018 from 30% in 2017.

Net profit

As a result of the foregoing, net profit increased by 21% to U.S.$670 million in 2018, or 48% of revenue, compared to U.S.$553 million in 2017, or 42% of revenue.

Liquidity and Capital Resources

Our principal cash requirements consist of the following:

- capital expenditures in connection with our expansion projects;
- working capital requirements;
- dividend payments to our shareholders; and
- tax payments.

Our principal sources of liquidity have traditionally consisted of the following:

- revenue we derive from the transportation of crude oil via the Ocensa Pipeline;
- revenue we derive from the transfer, storage and loading of crude oil at the Port of Coveñas; and
- proceeds from financings.

In 2019 and for the three-month period ended March 31, 2020, cash flow generated by operations was used primarily to pay dividends, income tax, trade accounts and other accounts payable and tax liabilities. As of March 31, 2020, our consolidated cash and cash equivalents totaled U.S.$243 million.

Cash Flows

The following table sets forth the elements of our cash flows for the periods presented.

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	**2019**	**2019**	**2018**	**2017**
	(unaudited)				
			(in millions of U.S.$)		
Cash flows provided by operating activities	221	302	1,067	733	682
Cash flows used in investing activities	(5)	(7)	(81)	(103)	(116)
Cash flows used in financing activities	(410)	(357)	(786)	(625)	(401)
(Decrease) increase in cash and cash equivalents	(194)	(62)	**200**	**5**	**165**
Effect of the variation in exchange rates on cash and cash equivalents maintained in foreign currency	(4)	(1)	2	(2)	(1)
Cash and cash equivalents at the beginning of the period	441	239	239	236	72
Cash and cash equivalents at the end of the period	243	176	**441**	**239**	**236**

Cash flows provided by operating activities

Cash flows provided by operating activities decreased by U.S.$81.0 million, or 27%, to U.S.$221.0 million during the three-month period ended March 31, 2020 compared to U.S.$302.0 million during the three-month period ended March 31, 2019. This decrease was mainly due to outflows of U.S.$36 million for trade accounts and other accounts payable, U.S.$21.0 million for tax liability, and the non-recurring U.S.$75 million arbitral award (U.S.$ 51 million in compensation and U.S.$24 million in interest income) that Equion and Santiago paid us in 2019 that was not present in the three months ended March 31, 2020. In addition, our cash flows from operating activities also decreased in part because of a decrease in cash payments from some of our customers and an equivalent increase in accounts receivables from such customers. See "Summary—Recent Developments."

Cash flows provided by operating activities increased by U.S.$334 million, or 46%, to U.S.$1,067 million in 2019 compared to U.S.$733 million in 2018. This increase was mainly due to a (i) U.S.$142 million increase in our net operating profit in 2019 compared to 2018, primarily as a result of an increase in volumes transported and consequently in revenues, (ii) U.S.$31 million increase in our accounts payable in 2019 compared to a U.S.$13 million decrease in our accounts payable in 2018, primarily as a result of the purchase of inventories and CAPEX investments, including replacement of equipment and (iii) a U.S.$115 million decrease in income tax paid primarily as a result of a decrease in the nominal rate of income tax to 33% in 2019 from 37% in 2018.

Cash flows provided by operating activities increased by U.S.$51 million, or 7%, to U.S.$733 million during the year ended December 31, 2018 compared to U.S.$682 million during 2017. This increase was mainly due to a U.S.$117 million increase in our net profit in 2018 compared to 2017; partially offset by (i) a U.S.$13 million decrease in accounts payable in 2018 compared to a U.S.$0.2 million decrease in accounts payable in 2017, primarily as a result of the CAPEX investments we made in 2017, such as crude oil dilution in the Port of Coveñas, equipment replacement at El Porvenir, and maintaining 600cSt adequacy; (ii) a U.S.$27 million decrease in accounts receivable in 2018 compared to a U.S.$69 million increase in accounts receivable in 2017, primarily reflecting the final ruling of the arbitration process initiated by Meta Petroleum and Frontera Energy, which resulted in payments from customers in 2018 corresponding to the P135 tariff payments that had accumulated in 2017 during the pendency of the arbitral proceeding.

Cash flows used in investing activities

Cash flows used in investing activities decreased by U.S.$2 million, or 29%, to U.S.$5 million during the three-month period ended March 31, 2020 compared to U.S.$7 million during the three-month period ended March 31, 2019. This decrease was mainly due to a U.S.$2 million decrease in acquisitions of properties, plant and equipment to U.S.$4 million in March 31, 2020 from U.S.$6 million in March 31, 2019, given that in the first quarter of 2019 we made investments in the Port Concession and equipment replacement at El Porvenir, among others.

Cash flows used in investing activities decreased by U.S.$22 million, or 21%, to U.S.$81 million during the year ended December 31, 2019 compared to U.S.$103 million in 2018. This decrease was mainly due to a U.S.$46 million decrease in acquisitions of property, plant and equipment to U.S.$48 million in 2019 from U.S.$94 million in 2018 when we made significant investments in equipment replacement. This decrease was partially offset by a U.S.$24 million increase in acquisitions of intangibles to U.S.$33 million in 2019 from U.S.$9 million in 2018, primarily as a result of the execution of the investment plan established with the National Infrastructure Agency in 2019 relating to the TLU-2 harbor concession agreement.

Cash flows used in investing activities decreased by U.S.$13 million, or 11%, to U.S.$103 million during the year ended December 31, 2018 compared to U.S.$116 million in 2017. This decrease was mainly due to a U.S.$18 million decrease in acquisitions of property, plant and equipment to U.S.$94 million in 2018 from U.S.$112 million in 2017, primarily as a result the implementation of projects such as DICOV and AD600 during 2017. This decrease was partially offset by a U.S.$5 million increase in acquisitions of intangibles to U.S.$9 million in 2018 from U.S.$4 million in 2017, primarily as a result of the execution of the investment plan established with the National Infrastructure Agency in 2018 relating to TLU-2 harbor concession agreement.

Cash flows used in financing activities

Cash flows used in financing activities increased by U.S.$53 million, or 15%, to U.S.$410 million during the three-month period ended March 31, 2020 compared to U.S.$357 million during the three-month period ended March 31, 2019. This increase was mainly due to an increase of U.S.$52 million in dividends paid and U.S.$1 million increase in payments of lease liabilities.

Cash flows used in financing activities increased by U.S.$161 million, or 26% to U.S.$786 million in 2019 from U.S.$625 million in 2018. This increase was mainly due to: (i) an increase of U.S.$152 million in dividends paid; and (ii) an increase of U.S.$9 million in payment of obligations and interest for rights of use for lease contracts in accordance with IFRS 16 that became effective on January 1, 2019. In 2018, these payments were recognized as trade accounts and other accounts payable.

Cash flows used in financing activities increased by U.S.$224 million, or 56% to U.S.$625 million in 2018 from U.S.$401 million in 2017. This increase was mainly due to an increase of U.S.$224 million in dividends paid

Contractual Obligations

We enter into various commitments and contractual obligations that may require future cash payments. The following table summarizes our contractual obligations as of March 31, 2020:

	Payments Due by Period				
Contractual Obligations	**Less than 1 Year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**	**Total**
			(in millions of U.S.$)		
Employee Benefit Plan	––	–	–	–	–
Contract Service Obligations	113.22	–	–	–	113.22
Operating Lease Obligations	7.12	3.83	1.95	0.34	13.24

Natural Gas Supply Agreements	4.58	–	–	–	4.58
Purchase Obligations	4.41	–	–	–	4.41
Energy Supply Agreements	0.7	–	–	–	0.7
Capital Expenditures	8.54	–	–	–	8.54
Build, Operate, Maintain and Transfer Contracts (BOMT)	1.18	–	–	–	1.18
Capital (Finance) Lease Obligations	–	–	–	–	–
Financial Sector Debt	–	–	–	–	–
Bonds	506.93	–	–	–	506.93
Total...	**646.68**	**3.83**	**1.95**	0.34	**652.8**

Capital Expenditures

In the ordinary course of our business, we invest in the maintenance and improvement of the Ocensa Pipeline and the facilities at the Port of Coveñas through a variety of expansion projects. For a description of our current expansion projects, see "Business—Our Principal Assets and Operations—Expansion Projects." In 2019, 2018 and 2017, our capital expenditures totaled U.S.$85.3 million, U.S.$59.7 million and U.S.$68.6 million, respectively. For the three-month periods ended March 31, 2020 and 2019, our capital expenditures totaled U.S.$4.0 million and U.S.$5.7 million, respectively.

Indebtedness

On May 7, 2014, we issued U.S.$500 million of 4.00% notes due 2021 in the international market. The indenture governing the terms of the notes requires us to comply with certain negative covenants. As of December 31, 2019, we were in compliance with all restrictions and covenants related to our obligations under such indenture. We intend to use the net proceeds from this offering to repay these notes on or before maturity. See "Use of Proceeds" for additional information.

New Accounting Pronouncements

A summary of standards issued by the International Accounting Standards Board but not yet in full force and effect in Colombia is included in Note 6 to our audited consolidated financial statements included elsewhere in this listing memorandum.

Off-Balance Sheet Arrangements

Off-balance sheet arrangements comprise transactions with third parties that do not impact our results of operations, including contingent rights and responsibilities, differences between general ledger accounts and fiscal accounts, as well as fully depreciated properties, plant and equipment. As of March 31, 2020, we have no off-balance sheet assets or liabilities. See Notes 18 and 19 to our audited financial statements and Note 19 to our unaudited financial statements, included elsewhere in this listing memorandum.

Qualitative and Quantitative Information About Market Risk

The primary market risk to which we are exposed in the ordinary course of our operations derives from exchange rate risk.

For further information on risk management, see Notes 27 to our audited consolidated financial statements contained elsewhere in this listing memorandum.

Exchange Rate Risk

Our exposure to exchange rate risk derives from assets and liabilities denominated in currencies other than the U.S. dollar, primarily the Colombian peso, which we record in our financial statements. Specifically, as of March 31, 2020, our foreign currency-denominated assets comprised: (1) cash and cash equivalents and (2) amounts receivable relating to transport tax receivables, accounts receivable from employees and other accounts receivable in Colombian pesos. Our foreign currency-denominated liabilities, comprised: (1) income tax expenses and (2) amounts due to suppliers primarily relating to the purchase of goods and services and (3) amounts due as provisions, primarily relating to contingent liabilities and costs on the abandonment of property, plant and equipment. See Note 19.1 of our audited financial statements.

As of March 31, 2020, we estimate a variation of 10% in the value of the U.S. dollar as compared to the Colombian peso, would result in variation to our foreign currency-denominated assets of U.S.$3.53 million and our foreign currency-denominated liabilities of U.S.$24.66 million. In the ordinary course of our business, we enter into local hedging arrangements with local financial institutions pursuant to master agreements currently in force in order to mitigate our exposure to exchange rate risk. However, there are no outstanding balances under these agreements as of the date of this listing memorandum.

INDUSTRY AND REGULATORY OVERVIEW

Colombian Crude oil and Natural Gas Industry

Colombia has encouraged crude oil and gas exploration since the late 1800s and first recorded a commercial discovery in 1918. Exploration and production activity fluctuated along with economic and political conditions throughout the last century, but the country has remained open to private investment. The Colombian Government has encouraged foreign participation in new exploration projects through the introduction of exploration and production contracts that meet international standards. Pursuant to these exploration and production contracts, 100% of new production flows to the producing company less the participation of the ANH in the event of actual production, subject to an initial 8% royalty and income taxes. In addition, the Colombian Government also introduced technical evaluation agreements ("TEAs"), pursuant to which companies are afforded a right of first refusal to evaluate and select desirable exploration lands through work commitment proposals on those lands. Accordingly, these companies are provided low cost access to larger areas for preliminary evaluation prior to committing to broader exploration programs.

As a result of these developments, Colombia has become one of the most attractive crude oil and gas markets in Latin America. In recent years the government has been working on addressing many of the issues that hindered foreign investment in its crude oil and gas industry. In 2003, the Colombian Government restructured Ecopetrol in order to make it more competitive globally. Ecopetrol became a public stock-holding corporation, initially 100% owned by the state, while its regulatory functions were transferred to the newly-created ANH. These measures helped to modernize Colombia's hydrocarbon sector and increase the competitiveness of Ecopetrol.

In 2006, the Colombian Congress authorized Ecopetrol to issue up to 20% of its capital stock in Colombia, subject to the condition that the state would control at least 80% of the company's capital stock. On November 13, 2007, Ecopetrol placed 4,087,723,771 shares on the Colombian Stock Exchange, raising approximately Ps$5.7 trillion in proceeds.

In April 2013, Ecopetrol completed the transfer of its hydrocarbon transport and logistics assets to a wholly-owned subsidiary, Cenit, our largest shareholder. The new transport and logistics business model is intended to meet the transportation needs of Colombia's producers, provide greater transparency by separating the roles of owner, planner, operator and shipper, ensure that the transport network is available for all the producers, foster participation of non-producer investors in the transport business, and further develop Colombia's crude oil and gas infrastructure and industry.

Crude oil prices peaked in 2014, with average prices for the year just below $100/bbl. Substantial supply growth by non-OPEC nations, mainly the United States, coupled with low consumption growth, driven by a slowdown of Chinese consumption, led to prices starting to drop in the fall of 2014. By the end of 2014, the price of crude oil had dropped to $57/bbl, down from $115/bbl form the beginning of the year.

The supply and demand imbalance continued in 2015, as OPEC nations, particularly Iraq and Saudi Arabia, increased output and the United States added 1 mmbpd of shale production. Consumption grew at a slower pace, driving down the overall price of crude to an average for the year of $53/bbl.

In 2016, low prices fueled demand and affected production. In particular, the United States and China suffered significant declines. The market moved broadly into a supply and demand balance in the second half of the year. However, inventories remained at elevated levels and prices continued to be depressed. OPEC, together with 10 non-OPEC producers, announced an agreement to cut output (1.8 mmbpd) to help reduce inventories to normal levels and boost prices.

Production in 2017 remained mostly stable; as OPEC countries confirmed their cuts, United States producers increased their output, offsetting OPEC's decline. Global demand rose and prices ended the year at $67/bbl.

In 2018, prices reached levels not seen in three years, above the $80/bbl mark. This recovery in oil prices was primarily supported by the production restraint agreement between OPEC and non-OPEC countries in force since early 2017 and the continued strong global oil demand growth estimated by the U.S. Energy Information Administration (EIA) at about 1.5 mm barrels per day during 2018. Additionally, production grew at a slower pace, as Iran and Venezuela, relevant producing countries in the global context, experienced internal crises that disrupted their production. This was exacerbated by civil unrest in Iraq, Libya and Nigeria, and Saudi Arabia's reluctance to broadcast a strong message on supply.

Through the start of 2020, oil price volatility seen in the markets was attributed to weaker oil demand growth, the US-China trade war uncertainty and OPEC's efforts to stabilize the world's oil supply. Oil prices remained at around the $60/bbl mark. Towards the end of the quarter, oil prices decreased to approximately the $22-27/bbl mark, explained mainly by the disagreement on production cuts between OPEC and Russia since the beginning of March 2020, followed by the decision of Saudi Arabia to reduce its sale oil prices and increase its production to gain market share.

Since early March 2020, the market has experienced a precipitous decline in oil prices in response to oil demand concerns due to the economic impacts of the COVID-19 virus and related supply disagreements between OPEC and Russia. While a deal to cut production was implemented by OPEC and its allies on May 1, 2020, the situation has resulted in a significant downturn in the industry and continued volatility in oil prices. Furthermore, as a result of the COVID-19 pandemic and measures put in place to slow its spread, including the imposition of quarantines and medical screenings, travel restrictions and the suspension of certain activities, we have seen and expect to continue to see substantial uncertainty in macro-economic conditions with regards to lower prices and demand for oil, gas and related products. In addition, the economies of all the countries where the business interests of our main customer, Ecopetrol, are located are currently experiencing negative economic consequences from the COVID-19 pandemic including, a significant drop in worldwide stock prices, decreasing oil prices, rise in unemployment, decreasing interest rates, liquidity concerns and devalued currencies. According to the U.S. National Bureau of Economic Research, U.S. economic activity peaked in February 2020 and the U.S. has now entered into a recessionary phase. There are concerns that other developed countries may also fall into a recession in the near term. Any such occurrences will negatively impact the Colombian economy and could have a material adverse effect on our results of operations and business condition.

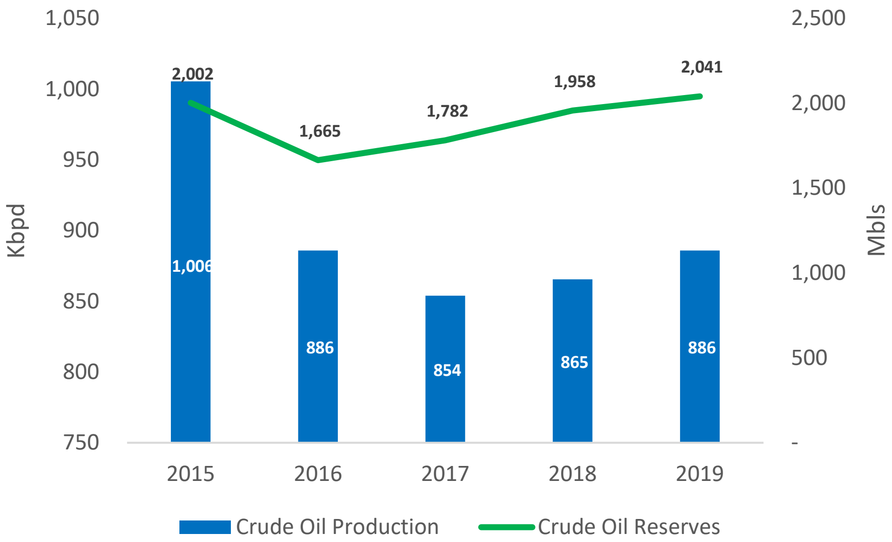
Other upstream sector initiatives implemented by the Colombian Government to attract investment include allowing foreign crude oil companies to own a 100% interest in crude oil ventures and compete with Ecopetrol, establishing a lower, sliding-scale royalty rate on crude oil projects, and granting longer exploration licenses. These factors have combined to attract a significant volume of foreign direct investment to Colombia's crude oil and gas industry.

Colombia is a supplier of crude oil to the United States, and together with Venezuela and parts of Ecuador, shares the La Luna crude oil-source rock, which is one of the most prolific in the world.

Notable crude oil and gas companies with interests in Colombian resource basins include Ecopetrol, Frontera Energy, Occidental Petroleum Corporation, Repsol, S.A. ("Repsol"), Talisman Energy Inc., Compañía Española de Petróleos S.A.U., LUKOIL Overseas Holding Ltd., Perenco Oil and Gas Colombia LTDA ("Perenco"), Hocol Petroleum Ltd., VETRA Exploración y Producción Colombia S.A.S., or Vetra, Emerald Energy PLC Sucursal Colombia, Total, and Shell Corporation ("Shell"), Parex Resources Colombia Ltda ("Parex"), GeoPark Limited, among others.

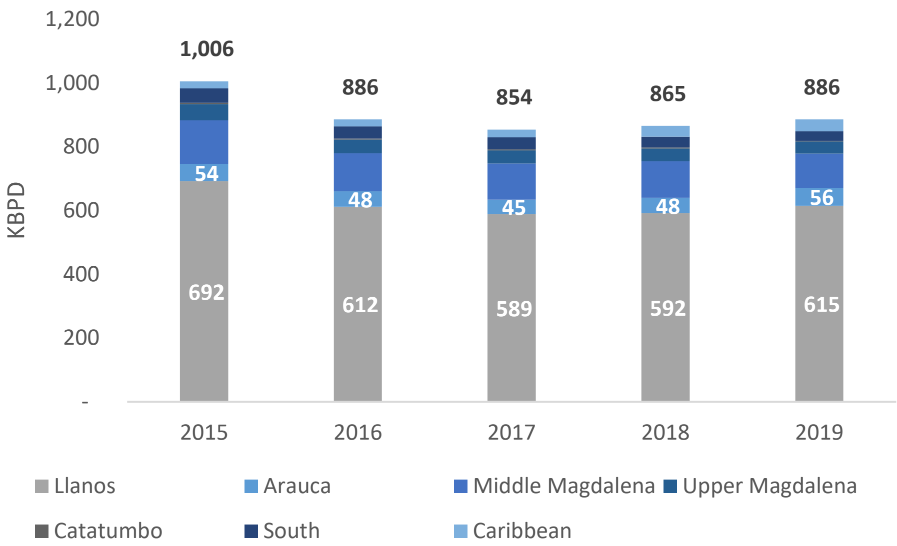
Reserves and Production of Crude oil and Natural Gas

According to the 2019 BP Statistical Report, Colombia is the third largest crude oil producer in South and Central America and the fifth largest holder in South and Central America of proven crude oil reserves. According to the ANH, as of December 31, 2019, Colombia had 2,041 million bbl of proven crude oil reserves and crude oil production reached 886kbpd. The chart below presents the evolution of Colombia's crude oil production and reserves for the periods indicated:



Source: ANH.

In Colombia, Ecopetrol and its subsidiaries accounted for approximately 62% of total production in 2019. Since Ecopetrol's restructuring and the establishment of the ANH in 2003-2004, Colombia has witnessed a tremendous surge in E&P activity. Appealing fiscal terms and increased security helped encourage an influx of international companies and investment capital into the country. In 2015, oil production reached an all-time high. Due to the competitive corporate landscape, the cost for acquisitions and licenses has risen significantly.



Source: ANH

Since 2004, the ANH has been responsible for awarding new contracts. It is also responsible for signing TEAs, which allow companies to study an area, to examine well logs, seismic activity and other data before committing to a full E&P contract. In 2004, the ANH signed 21 contracts, with 11 in the Llanos basin and all of Ecopetrol's unused acreage was relinquished to the ANH that year. A significant contract signed in 2004 was for the offshore Tayrona block, awarded to a consortium consisting of Petrobras, ExxonMobil and Ecopetrol.

During 2005, 33 E&P contracts were signed, marking the country's highest number since 2000. The largest of these was the 16,142 square kilometer Caño Sur block, which was awarded to Ecopetrol and is located south of the heavy oil prone Apiay and Cubarral licenses. Ecopetrol signed a deal with Shell in 2007 for a joint exploration program on Caño Sur.

During 2006, another 33 E&P contracts were signed. Two offshore licenses, formerly part of the Tayrona block, were signed by BHP Billiton and represented the company's return to exploration in Colombia. The increased level of licensing activity continued in 2007 with 42 new contracts. The most high-profile awards were for acreage in the Caribbean. A total of nine out of 13 available blocks were awarded.

In 2008, several licensing processes were launched. The 2008 round awarded 22 out of 43 blocks, where the heavy oil area to the south of Villavicencio attracted the strongest interest. In July 2008, eight special TEAs covering areas with heavy oil potential were awarded. Bidding for these was restricted to companies considered large and expert enough to tackle the technical challenges associated with heavy oil developments. Winners included Ecopetrol, ExxonMobil, Shell and Pacific Rubiales (now Frontera Energy). In a final offering, the ANH awarded 50 out of the 102 blocks on offer. The round included mature acreage in the Putumayo basin, the upper and middle Magdalena basin and the Llanos and eastern Llanos foothills.

In 2010, the ANH held the Open Round Colombia 2010. A total of 228 blocks were offered covering three distinct rounds. Around 140 blocks were available as part of a mini-round, with the blocks small in size in mature areas with established production potential. The second play was for larger blocks in more prospective, newer basins. The third round was for 50 special TEAs covering large, frontier blocks, both on- and offshore. The mini-round was successful with 96 bids received. The licensing process was extended following issues arising as a result of restrictions on the award of adjacent blocks to the same bidder. Two disappointing aspects of the round were that Shell was the only major company to bid and that offshore areas with little previous exploration received minimal interest. In 2011, the ANH took a step back from licensing to focus on administering the blocks that had been awarded.

In 2012, the regulator held a round offering 115 blocks, 50 of which were awarded. These were a mixture of mature and prospective blocks, onshore and offshore, and covering nearly all basins. The blocks were grouped into three categories. Type I included mature, smaller onshore blocks. Of 33 blocks, 10 were awarded. Type II were blocks from producing basins, including some offshore blocks and some with unconventional potential. Of 34 blocks, 11 were awarded. Type III were blocks with limited geological information in higher risk areas, including mostly offshore and unconventional blocks. Of 48 blocks, 28 were awarded.

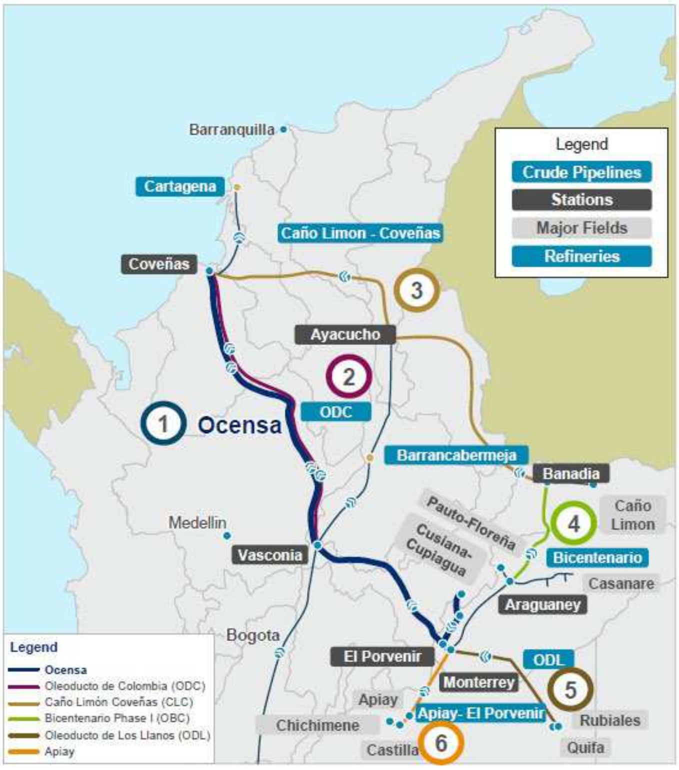
In 2014, a licensing round offered 95 blocks, 26 of which received bids. All 11 of the blocks with undeveloped fields received bids. Nine conventional onshore blocks, one unconventional block, and five unconventional blocks also received bids. The biggest success came offshore, which drew bids with large work commitments from companies such as Anadarko, Ecopetrol, ExxonMobil, Repsol, and Statoil (now Equinor). None of the exploration blocks in the Llanos basin received bids. Limited interest onshore stemmed from the belief that many blocks were recycled and not as geologically attractive as in past rounds. The big disappointment of the round was unconventionals, where just one of the 19 blocks received bids.

Because exploration activities are concentrated in the Llanos basin, with significant exploration in the Middle Magdalena Valley basin as well, we believe that transportation systems running from the Llanos basin to export terminals, such as the Ocensa Pipeline, will become even more strategic to crude oil companies in Colombia.

After five years with no auctions, in February 2019, ANH launched an intensive agenda of bid rounds. During the course of 2019, 26 areas were awarded across the two-round cycles of the Permanent Offer (PPAA). Although concession contract terms were maintained similar to the 2014 round, the improved results reflect the current effort to extend Colombia’s oil and gas reserves.

Infrastructure

The following map sets forth the current state of Colombia’s crude oil infrastructure.



Source: Company information.

Crude Oil

Colombia has a well-developed crude oil infrastructure system, comprising over 8,000 km of pipelines for crude oil and its derivative products. The focus of this system is the transport of crude oil from the main producing basins (Llanos and the Magdalena), via a central hub at Vasconia in the interior, to Colombia's main crude oil export terminal at the Port of Coveñas on the Caribbean coast. The OBC connects the Llanos basin to the CLC where it is then carried to the coast, making the OBC-CLC route the only pipeline alternative to Ocensa to carry crude oil from the Llanos basin to the Port of Coveñas.

Transportation

Pipelines are the main method of transportation for crude oil in Colombia. Most of Colombia's pipelines are privately owned and were constructed by the country's main crude oil and gas producers to transport production from their largest crude oil fields. In 2019 and for the three-month period ended March 31, 2020, approximately 74% and 75%, respectively, of our total transported volume corresponded to fields directly connected to our pipeline network. The main fields producing crude oil in Colombia are directly connected to the Ocensa Pipeline, such as Rubiales, Quifa, Chichimene, Castilla and Cusiana-Cupiagua. Ocensa's infrastructure facilities in the Port of Coveñas have a maximum estimated loading rate of 60,000 bph through the TLU-2.

Colombia has six major crude oil pipelines, three of which connect production fields to the export terminal at the Port of Coveñas:

Pipeline	**Length**	**Capacity**	**Ownership**
	(in km)	*(in bpd)*	
Ocensa Segment II..............................	848	745,000	Ecopetrol/Cenit 72.648%; ISQ Global Infrastructure Fund II /Grupo Romero 22.352%, Darby Colpatria Capital 5.0%
Oleoducto Caño Limón-Coveñas.........	771	259,000	Ecopetrol/Cenit 100%

Oleoducto de Alto Magdalena	391	103,000	Ecopetrol/Hocol 95.8%; Others 4.2%
Oleoducto de Colombia	483	227,000	Ecopetrol/Hocol/Cenit 73%; Others 27%
Transandino	306	59,000	Ecopetrol/Cenit 100%
Oleoducto de los Llanos	260	300,506	Ecopetrol/Cenit 65%; Others 35%

The OBC-CLC route is the only pipeline alternative to Ocensa to carry crude oil from the Llanos basin to the Port of Coveñas. The OBC currently has a transportation capacity of 240 kbpd and the CLC currently has a transportation capacity of 259 kbpd and are not expected to increase transportation capacity in the near term. In recent years, the OBC-CLC route has been out of service for long periods due to security issues as a result of its geographical location.

Colombian Crude Oil Transportation Regulatory Framework

Relevant Regulatory Entities and Other Relevant Organizations

Ministry of Mines and Energy (MME)

Decree 968 of 1940 created the Ministry of Mines and Energy, which is responsible for implementing the Colombian Government's policies on: (1) the exploration, production, transportation, processing and distribution of minerals and hydrocarbons in Colombia; and (2) the development of the Colombian mining and energy sectors.

Mining and Energy Planning Unit

By Decree 2119 of 1992, the National Commission of Energy became the Mining and Energy Planning Unit, and this new entity was delegated the role of special administrative unit for the Ministry of Mines and Energy. The Mining and Energy Planning Unit is responsible for developing and updating the National Energy Plan and the National Electric Reference Expansion Plans. The Mining and Energy Planning Unit is also responsible for forecasting Colombia's overall energy requirements, planning and developing means to satisfy these energy requirements, and establishing programs to optimize energy use.

ANH

The Colombian hydrocarbons sector was restructured in 2003. The ANH was established by Decree 1760 of 2003 as a response to the energy crisis the country faced—Colombia was suffering from rapidly decreasing petroleum reserves, which could have eventually turned the country into a crude oil importer. This restructuring also focused on making Ecopetrol more competitive, separating its double role as a regulatory entity and a crude oil and gas company. Accordingly, the ANH assumed the administrative and regulatory role and responsibilities from Ecopetrol, thereby initiating the transformation of the Colombian crude oil and gas sector, making the industry an attractive prospect for domestic and foreign investors. The ANH is also responsible for creating and maintaining attractive conditions for private investments in the hydrocarbon sector and for designing, bidding rounds for exploration blocks. Any crude oil company selected by the ANH to explore a specific block must execute an exploration and production contract with the ANH. All royalty payments in connection with the production of hydrocarbons are made to the ANH in-kind unless the ANH grants a specific waiver to effectuate royalty payments in cash.

ANH's main goals are: (1) managing hydrocarbons in Colombia and assigning them for exploration and production through land tenure policies; (2) executing royalty policies; and (iii) performing the necessary actions to support national hydrocarbon demand.

ANLA

The ANLA is an administrative body created by Decree 3573 of 2011, and is responsible for the issuance of environmental licenses and permits and supervising the fulfillment of minimum environmental conservation standards as set forth by the applicable Colombian regulations. The ANLA's duties include conducting environmental investigations and supporting the development of environmental regulations.

ACP

The ACP is a non-governmental agency entity that brings together private crude oil companies in Colombia. Association members engage in the exploration, production, transportation and distribution of crude oil and natural gas derivatives. The ACP's main purpose is to represent and promote the common interest of the private hydrocarbon industry, enhancing such areas where the sector generates the most value and creating an optimal environment that allows investment and brings growth to the sector and country.

Transportation Regulations

Hydrocarbon transportation is deemed a public service in Colombia and is therefore subject to governmental supervision. Accordingly, the transportation and distribution of crude oil, natural gas and refined products must comply with the Petroleum Code (*Decreto 1056 de 1953 – Código de Petróleos*).

Transport systems, classified as crude oil pipelines and multipurpose pipelines, may be privately owned. The building, operation and maintenance of hydrocarbon transportation pipelines must comply with environmental, social, technical and economic requirements under national and international standards. Transportation networks must follow specific conditions regarding design and specifications while complying with the quality standards of the crude oil and gas industry.

The transportation of crude oil through pipelines is regulated in Colombia through the following laws:

- Petroleum Code, Chapter VIII, which establishes the general framework for the transportation of crude oil;
- Law 141 of 1994, as amended by Law 756 of 2002, which established the national royalties regime;
- Resolution 72145 of 2014 promulgated by the Ministry of Mines and Energy, which regulates crude oil transportation; and
- Resolution 72146 of 2014 promulgated by the Ministry of Mines and Energy, which establishes the methodology for the calculation of tariffs for the transportation of crude oil through pipelines.

It is anticipated that the Ministry of Mines and Energy will enact:

- new BTO regulations for the implementation of an information system for hydrocarbons transportation.

The principal matters governed by the Petroleum Code (Decree 1056 of 1953) and addressed in the Ministry of Mines and Energy Resolution 72145 of 2014 are:

- access to pipelines and pipeline connections;
- changes in the nominal capacity of pipelines;
- allocation processes for installed capacity;
- issues related to the measurement of the quality and quantity of crude oil; and
- issues related to transportation agreements.

This resolution also includes the minimum technical and commercial requirements with which the transporter's manual (a set of rules that the transporter outlines at the beginning of operations governing both the pipeline operator, or the transporter, and any company interested in securing transportation capacity, or the shipper) must comply.

Access to Pipelines and Connections

Public access pipelines, such as the Ocensa Pipeline, are defined as pipelines built and operated by a person or legal entity, public or private, for the purpose of publicly providing crude oil transportation services. The Colombian Government has the preferential right to use up to 20% of the total capacity of any public access pipeline to transport its share of production. However, for both private and public access pipelines, the ANH must cover any tariff expenses to transport this production.

A shipper interested in securing transportation capacity through a given pipeline must send an application to the transporter, which will evaluate the request based on the pipeline's installed capacity. Once the application is accepted, the transporter may also allow its subscribers to build connections along the pipeline, with prior approval of the Ministry of Mines and Energy. Connections must fulfill technical requirements and may be located wherever sanctioned by the required licenses and permits. Connections may be refused due to reasons relating to safety or capacity, but any rejection must be justified.

A shipper must have previously entered into a transportation agreement with the relevant transporter, or accepted the relevant terms and conditions set forth in the transporter's manual, in order to present an application to that transporter. If no final agreement is reached regarding the amount of crude oil to be transported, the Ministry of Mines and Energy will act as a mediator between the shipper and the transporter.

Changes in Nominal Capacity

Changes in a private pipeline's nominal capacity are the sole responsibility of the transporter while changes to a public pipeline's nominal capacity must be authorized by MME. In either case, if any changes to the nominal capacity are made, the transporter must publish the date the additional capacity became available, the new tariff, and the technical and economic requirements (capital expenditures, maintenance expenses and new capacity, among other requirements), for the purpose of updating the tariff rate (see "—Tariff Regulation"). The new tariff shall apply only to the additional capacity.

With respect to private pipelines, the transporter is not obligated to finance extensions required in connection with changes in a pipeline's nominal capacity. If the transporter agrees to an extension by a third party, the parties may freely determine the financing conditions and investment parameters (see "—Tariff Regulation—Tariffs applicable to expansion projects"). Conversely, all public pipelines are considered public transportation companies and are subject to the applicable regulations on transportation companies.

Allocation Process and Transportation Plan

An owner of capacity on a public access pipeline may request additional capacity if there is excess capacity after the initial allocation of capacity to capacity owners. Once the allocation process for capacity owners is concluded, third parties may request extra transportation capacity, if available. A transporter may accept or reject (upon justification) these requests. Pursuant to application regulations, a transporter is required to allocate excess capacity in order of the receipt of transportation requests from shippers, which shall have the right to transport the amount requested subject to the availability of capacity. Capacity will be allocated pro rata for requests received simultaneously. Once the allocation process is concluded, capacity owners may utilize any remaining capacity.

Before the month of November of each year, transporters must prepare a transportation plan ("TP") applicable for the following five calendar years after its publication. Under the TP, utilized as an input in allocation determinations, an estimate of the total capacity of the pipeline is prepared for the next five years.

Quality and Quantity of Crude Oil to Be Transported

The transporter must install the required equipment to meet the quantity and quality of the crude oil to be transported, according to international standards, such as those established by the American Petroleum Institute, the American Society of Mechanical Engineers or ASTM International. The transporter or shipper may require the presence of quality and quantity inspectors to verify the transporter's measurements.

The transporter must make public the minimum requirements of the quality of crude oil it deems acceptable, with which shippers must comply. The transporter may reject crude oil that, given its quality, may affect efficiency of operations. However, a transporter and shipper may agree to circumstances under which crude oil with lower quality could be accepted. As such, the transporter may reject crude oil that exhibits:

- high volumes of salt, water, pour point or sediments;
- high density, viscosity or water levels;
- high levels of temperature and steam pressure that could threaten the pipeline operations; or
- extreme levels of metal contaminants and sulfur that lower the quality of the mixture

In commingled pipeline systems, such as the Ocensa Pipeline, crude oil of varying quality and market value are transported simultaneously through the pipeline. As a result, some shippers will receive crude oil more valuable than the crude oil they delivered for transport along the pipeline, while other shippers will receive crude oil of lower value than the crude oil they delivered.

Accordingly, a "quality bank" was established in order to compensate, in volume, shippers for the degradation of the oil they receive in comparison with the crude oil they delivered by charging additional compensation, in volume, from those shippers that receive crude oil of higher value than the crude oil they delivered. If the crude oil received is of a lower quality than delivered, we must compensate the shipper by granting a higher volume capacity equivalent to the capacity of shippers that transport crude oil of such lower quality.

The transporter will be the liquidator and mediator of the compensation for an adjustment. The transporter receives fair compensation for transportation services and accordingly is not affected by the fluctuations that normally occur in the quality and quantity of the transported crude oil. As transporter and operator of the Ocensa Pipeline, we provide services in respect of the quality bank, but receive no financial benefit from its operation.

Unidentified losses that do not exceed a tolerance range of 0.5% of the total transported volume must be assumed by the shippers. If losses exceed the tolerance range, we must cover the losses that are not the product of force majeure, quality of the product, or were caused by the shippers or a third party.

Transportation Agreements

The transportation agreement between shipper and transporter must contain, at a minimum, the entry and exit points of the segment in which the crude will be transported and comply with all required specifications set forth in the transporter's manual. The parties must inform the Ministry of Mines and Energy of the transportation agreement within five days of its execution.

Tariff regulation

In Colombia, pipeline transportation tariffs are calculated based on methodology established by the Ministry of Mines and Energy set forth in Resolutions 72146 of 2014, as amended by Resolutions 72216 of 2014, 31325 of 2015, 31489 of 2015, 31565 of 2015, 31285 of 2016, 31123 of 2019 and 31132 of 2019. These resolutions provide for the calculation of crude oil transportation tariffs for public access pipelines and include a series of five sequential steps. T hese tariffsare set in U.S. dollars and are not adjusted by oil prices.

Each pipeline segment has its own tariff. For each pipeline segment, the transporter must present to the MME a projection of 8 years including all the variables that are used to calculate the tariff formula, including but not limited to: expected fixed and variables costs, current asset base to be remunerated and future CAPEX program, and expected volumes.

The main tariff is:

$$T = \frac{K + CF + A}{Q} + CV$$

Where:

1. "K" represents the annual revenue for capital remuneration, based on an annuity to remunerate invested capital/asset base and future capital expenditures. During the initial recovery period (as established by the transporter), the formula remunerates 100% of the asset base at the regulatory weighted average cost of capital ("WACC"). The initial recovery period for the Ocensa pipeline was set for 15 years, starting in 2011. After the initial recovery period, the asset base is reset at depreciated reposition cost

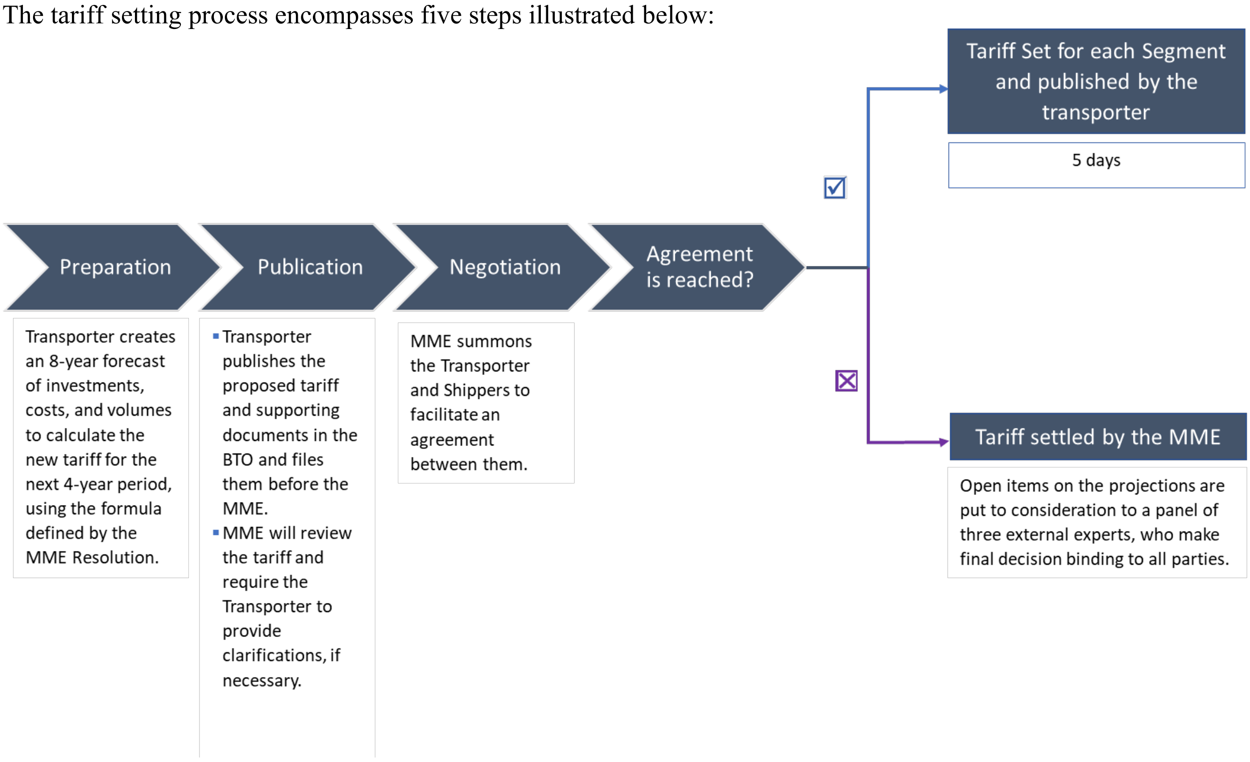
2. "CF" and "CV" represent the annual revenues for fixed and variable costs, at the regulatory WACC.

3. "Q" represents the annual equivalent volume to be transported, which converts to a per barrel basis the investments, costs and "A" factor to be remunerated using the projection of estimated volumes that will go through the applicable segment

4. "A" represents the annual revenue (cost) for adjustment factor to compensate for deviations higher than +/- 10% of revenues due to differences between the forecast used to establish the tariff and the actual figures, once the 4-year period has passed. A-Factor is calculated at the end of the 4-year period, and if applicable is included as an adjustment to the tariff for the subsequent regulatory period

The present value of all variables is discounted at a rate of return fixed by the MME. This rate is currently represented by a post-tax real WACC of 8.43% for the 2019-2023 period. The MME approves the maximum tariff to be charged. The current tariffs were reviewed and approved in June 2019 pursuant to the procedure established by the MME and they are expected to be valid until June 30, 2023. See "Risk Factors—Risks Relating to Our Business and Industry—We are subject to change in tariffs established in accordance with the regulations of the Ministry of Mines and Energy and to non-competitive rates for the transportation of crude oil from Vasconia to Coveñas."

The tariff setting process encompasses five steps illustrated below:



0. **Preparation:** The transporter engages in internal diligence process to structure a new tariff for the incoming tariff period. Diligence can include preliminary meetings with MME and regulatory advisors. Information must include documentation supporting the proposed tariff.
1. **Publication:** No later than the first business day of the quarter immediately prior to the start of the next tariff period, the tariff setting process must be started. First, the transporter publishes a base proposed tariff and support documentation and files them before the MME.
2. **Negotiation**: The MME summons the transporter and the shippers to a meeting to reach an agreement on the tariff between the parties, pursuant to the schedule set by the MME. The process begins with the negotiation between the MME and the transporters, and thereafter the MME will set the methodology to carry out the negotiations between transporters and shippers, which will include joint meetings between transporters, shippers and the MME. Direct negotiations between transporters and shippers can be developed prior to the commencement of the negotiation period and following the schedule set by the MME.The agreement may also include, besides the tariff amount: (i) the monetary conditions applicable to the time period in which the tariff will apply and (ii) annual tariff raises, among others.
3. **Agreement:** The negotiation stage ends when there is an agreement between the transporter and the shipper for the tariff of each segment. The new tariff (and any monetary conditions / tariff raises) must be formalized in writing and sent to the MME within five business days following the agreement. An agreement has been reached when the following two circumstances have occurred: (i) when the majority of remitters in privity of contract with the transporters who attend the meetings and approve the agreement for a given pipeline, as required by Resolution 31132, is reached; and (ii) when the average percentage of representation of those remitters approving the agreement for a given segment of the pipeline is higher than 50% for the period April 1, 2018 to March 31, 2019. The parties can agree to annual tariff increases.
4. **Tariff Settled by Experts:** If the parties do not reach an agreement the tariff will be set by a panel of three experts and finally established by the MME. The tariff will be revised at least every four years, unless the MME, the transporter or shippers request an earlier review, as defined in Res. 72146 of 2014. The tariff and monetary conditions must be published by the transporter in the BTO within five days after being set.

Other matters that are regulated by the MME include:

Access to Pipelines and Connections.

Public access pipelines, such as the Ocensa Pipeline, are defined as pipelines built and operated by a person or legal entity, public or private, for the purpose of publicly providing crude oil transportation services. The Colombian Government has a preferential right to use (paying the regulated tariff) up to 20% of total capacity of any public or private pipeline to ship its oil production. The ANH regulates tariff costs related to the Colombian Government's transported oil).

Changes in Nominal Capacity

Changes in nominal capacity require prior authorization from the MME and will be made under the sole responsibility and as decided by the transporter. The transporter must make public the technical and economic requirements (e.g. CAPEX, maintenance expenses, and new capacity) to update the tariff.

Quality and Quantity of Oil to be Transported

The transporter will not be affected by fluctuations that normally occur in the quality and quantity of the crude oil transported. The transporter must make public the minimum requirements in the quality of oil that it considers acceptable for transportation in the pipeline.

Monetary Conditions

Monetary conditions are surcharges and discounts that the transporter can agree with shippers. Monetary conditions apply to the tariff fixed by the MME (for existing segments) or to tariffs agreed between the transporter and shippers and are based on: (i) the quality of the crude shipped (e.g., light, medium, heavy crude); (ii) variation in the contractual conditions; or (iii) other commercial matters (e.g., length of contract for expanded capacity). The monetary conditions can only be modified by mutual agreement of the parties.

New Segments and Expanded Capacity

In order to assist with viable expansion projects or construction of new segments, transporters and shippers may agree to different transport tariffs for new segments and for additional capacity on existing segments. Differentiated tariffs between the transporter and shipper are to be maintained for only one period of ten years (after commencement of operations). After such period, the new segment / expanded capacity will be subject to the ordinary tariff setting process.

Additional details on the tariff regulation are contained the Petroleum Code of 1953 as well as in the following MME resolutions and amendments:

- Resolution 72146 of 2014—regulates and sets the calculation of crude oil transportation tariffs for pipelines
- Law 141 of 1994, as amended by Law 756 of 2002—establishes the national royalties regime
- Resolution 72216 of 2014, Resolution 31325 of 2015, Resolution 31489 of 2015, Resolution 31285 of 2016, Resolution 31123 of 2019 and Resolution 31132 of 2019—modify Resolution 72146 of 2014, introducing / modifying concepts such as tariff negotiation between shippers and transporter, Monetary Conditions, commercial discounts, and other tariff calculation details

Environmental Regulation – General Regulatory Framework

Under Colombian Law, particularly Law 99 of 1993, Decree 2811 of 1974 and Decree 1076 of 2015, in order to develop certain projects, works or activities companies are required to obtain environmental permits, authorizations, concessions and licenses prior to undertaking any activity that could negatively impact the environment, natural resources, human health or landscapes. As a result, certain companies, including crude oil companies, must obtain an environmental license prior to undertaking any activity for exploration, exploitation, transportation, handling and storage of hydrocarbons and construction of refineries, except for certain seismic exploration activities. To obtain an environmental license, companies must file an environmental impact assessment before the National Authority of Environmental Licenses (*Autoridad Nacional de Licencias Ambientales*). This environmental impact study must include, among other things, an environmental management plan, a study of natural resources required for the project or activity and proof of the mechanisms established to prevent, compensate, correct and mitigate the impact on the environment, natural resources, human health and/or landscapes.

The Ministry of Environment and Sustainable Development is the highest environmental authority in Colombia, as it establishes public policies regarding the environment and the use and exploitation of renewable natural resources. The National Authority of Environmental Licenses, is empowered to grant certain environmental authorizations and the environmental licenses that apply to projects which are listed in article 2.2.2.3.2.2 of Decree 1076 of 2015 and is also empowered to monitor and keep track of those projects, works, or activities subject to environmental licensing, to ensure that they are conducted in accordance with the environmental regulation.

At a regional level, the Regional Autonomous Corporations (*Corporaciones Autónomas Regionales)*, are the highest environmental authorities. These regional authorities are responsible for executing and overseeing all environmental policies, regulations and programs. They have the power to issue environmental authorizations for the use or natural resources and environmental licenses for projects listed in article 2.2.2.3.2.3 of Decree 1076 of 2015. In cities, municipalities, districts or metropolitan areas with a population of at least 1,000,000 inhabitants, the regional environmental authority is different from the Regional Autonomous Corporation, as they have Urban Environmental Authorities (*Autoridad Ambiental Urbana*), as in the case of Bogotá, Cali, Bucaramanga, Santa Marta, Barranquilla and Cartagena.

Colombian environmental law also regulates the use of natural resources, and all companies, including crude oil companies, must obtain environmental authorizations for specific activities or uses of renewable natural resources, including the use of large amounts of water for consumption, discharge of waste waters into the water sources including coastlines or rivers or into the soil, exploitation of forest reserves or production of atmospheric emissions. If the activities or projects require an environmental license, those permits will be included in the license. Pursuant to Article 43 of Colombian Law 99 of 1993, Articles 2.2.9.3.1.1. - 2.2.9.3.1.17 of the Decree 1076 of 2015 and its modifications (Decree 2099 of 2016, Decree 1120 of 2017, Decree 075 of 2017), companies that use natural water resources must assign 1% of their investments to the preservation, conservation, recovery and supervision of the natural water resources taken from the water basin that serves the project. If a company requires an environmental license for its operations but does not use natural water resources, it will not be subject to this obligation.

If a company fails to comply with Colombian environmental regulations, or permits or causes damages, the environmental authorities may initiate an environmental punitive proceeding against the company. In the event that the environmental authorities find that the company has breached its environmental obligations, or permits or has caused environmental damages, they may impose sanctions which can include:

- daily fines of up to an amount equivalent to 5,000 times the monthly legal minimum wage (equal to U.S.$1,079,974 at an exchange rate of U.S.$1 = Ps$4,064);
- closure (either provisional or definite) of establishment, buildings or services;
- cancellation of the environmental licenses permits or authorizations.
- demolition of the building site;
- confiscation of the goods used in connection with the environmental violation;
- restitution of the wild fauna or flora; and
- community work.

BUSINESS

Overview

We are a crude oil transportation company incorporated on December 14, 1994 to design, build, operate and manage a crude oil pipeline transportation system. We own and operate the Ocensa Pipeline, the largest crude oil pipeline in Colombia, covering 836 km on land and 12 km underwater. The Ocensa Pipeline, our primary asset, was completed and became operational in 1998 and has a current capacity of 745 kbpd at the largest segment of the pipeline (Segment II), reflecting the completion of Project Potencia 135 in 2016. In 2019 and for the three-month period ended March 31, 2020, we estimate the Ocensa Pipeline transported approximately 66% and 64%, respectively, of Colombia's total production of crude oil, dilutents and condensates, and exported through the TLU-2, approximately 57% and 59%, respectively, of Colombia's national production of crude oil, dilutents, condensates and total crude oil for exports (excluding crude oil used to produce intermediate fuel oil and minor exports from third-party ports). The Ocensa Pipeline transports crude oil ranging from light crude oil and intermediate blends to heavy crudes, on behalf of crude oil producers, from Colombia's most prolific basins, including the Llanos basin and the Arauca basin, which in 2019 accounted for 69% and 6%, respectively, of Colombia's national production of crude oil, to the Port of Coveñas, Colombia's primary public crude oil export facility.

In 2019, our revenue and net profit totaled U.S.$1,556 million and U.S.$812 million, respectively, compared to U.S.$1,401 million and U.S.$670 million in 2018 and U.S.$1,325 million and U.S.$553 million in 2017, respectively, while our EBITDA totaled U.S.$1,348 million in 2019, compared to U.S.$1,166 million in 2018 and U.S.$1,079 million in 2017. For the three-month period ended March 31, 2020, our revenue and net profit totaled U.S.$363 million and U.S.$245 million, respectively, compared to U.S.$367 million and U.S.$225 million for the three-month period ended March 31, 2019, respectively, while our EBITDA totaled U.S.$321 million for the three-month period ended March 31, 2020, compared to U.S.$357 million for the three-month period ended March 31, 2019.

Our majority shareholder, with 72.648% of our equity, is Cenit Transporte y Logística de Hidrocarburos S.A.S., or Cenit, a wholly-owned subsidiary of Ecopetrol, the Colombian national oil and gas company and Colombia's largest producer of crude oil and gas. Ecopetrol has accounted for approximately 58% of Colombia's total crude oil production, on average, over the past five years according to the ANH and ACP. Of our remaining equity, 22.352% is beneficially held by AI Candelaria (Spain) S.L., a joint venture held between I Squared Capital, through its private fund ISQ Global Infrastructure Fund II and Grupo Romero, two global private equity firms, which acquired the shares on February 7, 2020 from Advent, while 5.000% is beneficially held by Darby Colpatria Capital, a private equity investment vehicle of Franklin Templeton, through a shareholding trust.

Financial and Operational Data

The table below sets forth certain of our financial and operational highlights for the periods indicated:

	As of and/or for the three-month period ended March 31,		As of and/or for the year ended December 31,		
	2020	2019	2019	2018	2017
	(in millions of U.S.$, unless otherwise indicated)				
Revenue	363	367	1,556	1,401	1,325
Net profit	245	225	812	670	553
Net margin (1)	67%	61%	52%	48%	42%
EBITDA (2)	321	357	1,348	1,166	1,079
EBITDA margin (3)	88%	97%	87%	83%	81%
Outstanding debt (4)	500	500	500	500	500
Outstanding debt/EBITDA ratio (5)	0.39	0.37	0.37	0.43	0.46
Volume transported (in kbpd)	617	646	664	637	581
Utilization (%)	92%	96%	98%	94%	91%
Total transportation cash cost (6)	69	80	366	337	300

Number of employees.......................	288	278	288	275	286

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(1) Net margin is calculated as net profit for the year divided by revenue for the period.

(2) EBITDA is calculated as net profit *plus* depreciation and amortization, income tax and financial (income) expenses, net. EBITDA is not a measure of financial performance according to IFRS or generally accepted accounting practices adopted in Colombia or the United States and should not be considered in isolation or as an alternative to net profit, as an indicator of operating performance, or to operating cash flows as an indicator of liquidity. EBITDA is not a standardized definition and the EBITDA definition presented herein might not be comparable to EBITDA used by other companies. EBITDA has certain limitations as a measure of our profitability in that it does not consider certain of our recurring costs that may have a significant impact on our net profit, including net financial expenses, taxes, depreciation, amortization and depletion. See "Presentation of Financial and Other Information—EBITDA." For a reconciliation of our net profit to EBITDA, see "Selected Financial and Other Information – Financial and Other Data."

(3) EBITDA margin consists of EBITDA for the period divided by revenue for the period.

(4) Outstanding debt is presented based on the nominal amount of debt, which corresponds to the U.S.$500,000,000 we have outstanding on our 4.000% notes due 2021.

(5) Outstanding debt/EBITDA is calculated as outstanding debt for the period divided by EBITDA for the period, except for EBITDA for the three months ended March 31, 2020 and 2019 for which it is presented on an annualized basis. Annualized EBITDA for each of the three-month periods ended March 31, 2020 and 2019 is derived by multiplying the total EBITDA for each of three month period by four. Our computations of annualized EBITDA may not be representative of our actual annual results. For a reconciliation of our net profit to EBITDA, see "Selected Financial and Other Information – Financial and Other Data."

(6) Total transportation cash cost is equivalent to our operational and administrative expenses for the period, comprising our maintenance and repairs, services, depreciation, personnel, leases, fees, amortization and other expenses.

Our Primary Assets

Ocensa Pipeline

As illustrated in the graphic below, the Ocensa Pipeline is strategically located near other important crude oil infrastructure, including the two largest refineries in Colombia, the Cartagena refinery and the Barrancabermeja refinery:

Source: Company information.

The Ocensa Pipeline, which became operational in 1998, passes through 45 municipalities in six Colombian states (known in Colombia as *departamentos*), and comprises:

- 10 stations (for the storage, pumping, pressure reducing and boosting of crude oil),
- a base for coordination of maintenance activities in the city of Tunja,
- tanks for the storage of up to 4.3 million barrels of crude oil, and
- a control center located in the city of Bogotá.

The Ocensa Pipeline is located between two and four meters underground, reducing its exposure to potential attacks.

As set forth in the table below, the Ocensa Pipeline is divided into four segments ending in the Port of Coveñas.

Segment	Route	Length	Diameter	Transport Capacity	% of Total Revenue Derived from Segment in 2019
		(in kilometers)	*(in inches)*	*(in bpd)*	
Segment 0	Cupiagua – Cusiana	39	16	198,000	0.3%
Segment I	Cusiana – El Porvenir	33	30	745,000	5.4%
Segment II	El Porvenir – Vasconia	287	30 – 36	745,000	57.2%
Segment III	Vasconia – Port of Coveñas	477	30	550,000	30.4%
Port of Coveñas	Port of Coveñas	12	42	25 time slots per month to load tanker vessels	6.7%

Port of Coveñas

Our assets at the Port of Coveñas comprise both onshore facilities located within the port and offshore facilities located in the Gulf of Morrosquillo and provide us with storage, transfer and export capabilities. For the three-month periods ended March 31, 2019 and 2020, approximately 50% and 56%, respectively, of the liquid bulk cargo exported from Colombia was crude oil exported by us at the Port of Coveñas. The remainder of Colombian crude oil was exported mainly at the Ports of Cartagena, Pozos Colorados and Tumaco, according to proprietary information and information compiled from the ANH and the Superintendence of Ports and Transportation (*Superintendencia General de Puertos y Transporte*).

Republic of Colombia and Macroeconomic Environment

With a nominal gross domestic product, or GDP, of Ps$881.96 trillion in 2019, Colombia is the fourth largest economy in Latin America and, as the longest standing democracy in the region, has traditionally been one of the most stable economies in the region. Colombia achieved GDP growth rate of 3.3% in 2019, compared to 0.2% for Latin America and the Caribbean according to statistics by DANE, and the United Nations. For 2020, prior to the COVID-19 pandemic, DANE estimated GDP growth at 3.62%. The IMF has updated GDP growth outlook for Latin America, estimating an economic contraction of 5.2% for the region, and the Colombian Government has projected Colombia's GDP to contract 5.5% and enter its first recession in over two decades. For the three-month period ended March 31, 2020, Colombia reported a GDP growth of 1.1%, primarily due to a 6.8% increase in the agricultural sector, however, this trend is likely to reverse as Colombia continues to feel the economic effects of the COVID-19 pandemic. As a consequence of the macroeconomic shock caused by the COVID-19 pandemic, the Colombian Government, with the prior favorable opinion of the Fiscal Rule Advisory Council, determined to suspend the fiscal rule for 2020 and 2021. The estimated fiscal deficit for 2020 and 2021 is 8.2% and 5.1% of GDP, respectively.

Colombia's long-term public external indebtedness is currently rated investment grade by S&P, Moody's and Fitch. However, on March 26, 2020, S&P released a negative outlook on Colombia's long-term foreign currency issuer default rating while maintaining its BBB- rating. Furthermore, on April 1, 2020, Fitch Ratings downgraded Colombia's long-term foreign currency issuer default rating to BBB- from BBB with a negative outlook. On the other hand, Moody's has maintained Colombia's investment grade rating with a stable outlook since May 23, 2019.

We believe that a tax-friendly environment and improved security have helped to encourage an influx of international companies and foreign investment in Colombia. In recent years, Colombia has experienced increased political and economic stability, which has resulted in significant increases in foreign direct investment in the country from U.S.$2.1 billion in 2002 to an estimated U.S.$14.5 billion in 2019, according to yearly foreign direct investment statistics published by the Bank of the Republic of Colombia (*Banco de la República de Colombia*), or the Colombian Central Bank.

With respect to its crude oil and gas industry, Colombia is the third largest crude oil producer in South and Central America and the fifth largest holder of proven crude oil reserves in South and Central America, according to the 2019 BP Statistical Report. Since restructuring state-owned Ecopetrol and establishing the ANH in 2003-2004, Colombia has experienced increased exploration and production activity, with crude oil reserves having increased from 1,358 million bbl in 2007 to 2,041 million bbl in 2019 while crude oil production increased from 531 kbpd in 2007 to 886 kbpd in 2019. Crude oil production decreased to 873 kbpd for the three-month period ended March 31, 2020 compared to 892 kbpd for the three-month period ended March 31, 2019.

Competitive Strengths

We are well-positioned as a leading pipeline transporter of crude oil in Colombia and believe our main competitive strengths include

Significant and predictable cash flow resulting from favorable tariff regulations

Pipeline tariffs are calculated in accordance with regulations promulgated by the Ministry of Mines and Energy that allow us to negotiate the tariffs with our customers and that provide for subsequent annual adjustments for inflation. If these negotiations fail, independent experts will establish the tariff and annual tariff adjustment pursuant to a formula set forth in the applicable regulations. These tariffs are intended to remunerate pipeline owners at an adequate rate of return on the investments made in the pipeline system, including improvements and expansions to the pipeline, and reflect the opportunity cost of capital as well as the operating costs associated with the pipeline, allowing for additional returns to pipeline operators for any such improvements and expansions. Currently, tariffs are revised every four years (adjusted annually for macroeconomic changes, based on a weighted average between the U.S. Producer Price Index and the Colombian Consumer Price Index), providing us with predictable time horizons in which tariffs are fixed. Current tariffs are expected to be valid through 2023. In addition, pursuant to regulations currently in effect, tariff rates for the transport of crude oil along segments of a pipeline resulting from expansion projects may be established by commercial agreement between the parties, and these tariffs will be applicable to all shippers that utilize the additional transportation capacity resulting from the expansion. Moreover, given that tariffs are determined independent of commodity prices, the Ocensa Pipeline has no direct commodity price exposure. See "Risk Factors—Risks Relating to Our Business and Industry—We are subject to change in tariffs established in accordance with the regulations of the Ministry of Mines and Energy and to non-competitive rates for the transportation of crude oil from Vasconia to Coveñas."

As a result of these favorable Colombian tariff regulations, we have been able to generate significant levels of operating cash flow, as evidenced by measures such as our net profit of U.S.$812 million, U.S.$670 million and U.S.$553 million and EBITDA of U.S.$1,348 million, U.S.$1,166 million and U.S.$1,079 million, in each case, in 2019, 2018 and 2017, respectively. At the same time, our operating costs (fixed and variable costs, including administrative expenses, and operations and project expenses) were U.S.$367 million, U.S.$338 million and U.S.$301 million in 2019, 2018 and 2017, respectively. These factors have contributed to our favorable net margins of 52%, 48% and 42% and EBITDA margins of 87%, 83% and 81%, in each case, in 2019, 2018 and 2017, respectively. Our net profit for the three-month periods ended March 31, 2020 and 2019 was U.S.$245 million and U.S.$225 million, respectively. Our EBITDA for the three-month periods ended March 31, 2020 and 2019 was U.S.$321 million and U.S.$357 million, respectively, while our operating costs (fixed and variable costs, including administrative expenses and operations and project expenses) were U.S.$69 million and U.S.$80 million, respectively. Despite this EBITDA slowdown in the first quarter of 2020, largely attributable to lower transported volumes, given a decrease in the price of crude oil that affected Colombian crude oil production and the COVID-19 pandemic, we expect that our medium to long term performance will continue to reflect strong cash flow generation, low operating costs and high margins that allows us to self-fund a substantial portion of our capital expenditures and provide us with resources for the repayment of financings. We expect to continue using our cash flow generation capacity to fund our future capital expenditures without resorting to significant use of leverage.

Favorable market dynamics resulting from strong demand, expensive transportation alternatives and limited competition due to significant barriers to entry

Colombia has become an active crude oil and gas market in Latin America, with the Colombian Government having initiated several policies to encourage foreign investment in the Colombian crude oil and gas industry. According to the 2019 BP Statistical Report, Colombia is the third largest crude oil producer in South and Central America and the fifth largest holder of proven crude oil reserves, with such crude oil reserves having increased 1,358 million bbl in 2007 to 2,041 million bbl in 2019, while crude oil production increased from 531 kbpd in 2007 to 886 kbpd in 2019. Because of this growth, the continuous interruptions in the operation of the OBC-CLC pipeline system, and the poor state of ground transportation infrastructure, there has been an increase in the demand for crude oil transportation service through the Ocensa Pipeline. However, given the COVID-19 pandemic and the decrease in the price of crude oil, crude oil production decreased from 892 kbpd for the three-month period ended March 31, 2019 to 873 kbpd for the three-month period ended March 31, 2020. Since the recent Brent price of U.S.$19.33 per barrel on April 21, 2020, the price of crude oil has been increasing and we would expect crude oil production to follow that trend but cannot offer any assurance with respect thereto.

As the owner of the largest crude oil pipeline in Colombia, we benefit from limited competition from other pipelines and from other crude oil transportation alternatives. There are currently only six major crude oil pipelines in Colombia and we believe that our strategic position is evidenced by our estimates that, in 2019 and for the three-month period ended March 31, 2020, the Ocensa Pipeline transported approximately 66% and 64%, respectively, of Colombia's total production of crude oil, dilutents and condensates, and 57% and 59%, respectively, of the total exports of crude oil cargo from Colombia was exported by us through the TLU-2. Moreover, the primary initiatives of competitor pipelines, such as the OBC pipeline, are not expected to increase transportation capacity in the near term.

Significant barriers to entry exist for the development of new competitor pipelines, which are subject to strict government and environmental licensing that may require several years to obtain. These projects are also subject to construction risks, right of way permits and cost overruns, with the cost of building pipeline infrastructure having increased in recent years.

We face competition primarily from other pipelines systems (OBC pipeline and Caño Limon Coveñas pipeline), trucking and river barge transportation. However, all of these present different operational issues, such as non-programmed interruptions, state of infrastructure, vulnerability to weather changes and fleet availability, that we believe decrease their level of reliability and increase shippers' preference for Ocensa. As a result of these limitations, we believe that pipeline transportation will continue to be the preferred transportation method for Colombian crude oil and gas companies. As a result of these market dynamics, for the last three years, we have operated at near-full to full capacity and we believe that each of these favorable market dynamics will continue to drive our leading market positioning and support our revenue and cash flow growth over the near to medium-term.

Strategically located, high-quality assets

Measuring approximately 836 km on land and 12 km underwater, the Ocensa Pipeline is strategically located to benefit from the projected increased activity in the Colombian crude oil and gas industry. The Ocensa Pipeline currently transports crude oil from two of Colombia's most prolific basins, including the Llanos basin and the Arauca Basin, which collectively in 2019 and for the three-month period ended March 31, 2020 accounted for 75% and 76%, respectively, of Colombia's national production of crude oil to the Port of Coveñas, Colombia's primary crude oil export facility. We believe that because current oil and gas exploration in Colombia is concentrated in the Llanos and Middle Magdalena Valley basins, transportation systems running from these basins to export terminals, such as the Ocensa Pipeline, will become even more strategic to Colombian crude oil and gas companies. Moreover, the Ocensa Pipeline is strategically located near other important crude oil infrastructure, including the two largest refineries in Colombia, the Cartagena refinery and the Barrancabermeja refinery, which we believe will continue to drive demand for the Ocensa Pipeline.

In addition, our asset base is comprised of modern, high-quality stations and equipment. Our high-quality assets include state-of-the-art storage, pumping and pressure reducing stations, high capacity storage tanks and loading tanker vessels with individual upload capacities of up to 2 million barrels. We believe that the quality of our asset base provides us with distinct advantages over our competitors. For example, the Ocensa Pipeline is currently capable of handling crude oil of different qualities, ranging from light crude oil and mixtures to heavy crudes, allowing us to meet the evolving transportation demand of crude oil producers in Colombia. As we continue to invest in the Ocensa Pipeline, we believe that the quality of our assets will continue to provide us a competitive advantage.

Experienced management team

Members of our senior management team have many years of experience in the Colombian crude oil and gas industry in their respective areas of expertise, with a strong focus on financial performance and operational efficiency, and they are committed to attaining solid and sustainable financial results in a socially and environmentally responsible manner. Our management practices are also focused on our relationships with stakeholders (including our shareholders and current and prospective customers) so as to leverage our competitive position. We believe that the specialized experience of our professionals and their in-depth knowledge of our company and our stakeholders contribute significantly to our cost-effective and efficient operations. Our track record of growth with robust results over the last three years reflects the effectiveness of our management team, management systems and organizational culture.

Strong sponsorship from our controlling shareholders

We have committed controlling shareholders that include the leading Colombian crude oil and gas company, Ecopetrol, which owns 72.648% of our equity capital through Cenit, its wholly-owned subsidiary. Ecopetrol accounted for approximately 62% of Colombia's total crude oil production in 2019. We believe that the support of Ecopetrol gives us a competitive advantage, due to its market position within, and knowledge of, the Colombian crude oil and gas industry (including industry developments and trends) and its continuing support and long-term vision for growth in the Colombian crude oil pipeline transportation.

The strength of our operations and our business model have also attracted the investment interest of notable private equity firms. For example, on February 7, 2020, Advent sold its 22.352% minority interest in Ocensa (held through AI Candelaria (Spain) S.L's shares), to a joint venture formed by I Squared Capital, through its private fund ISQ Global Infrastructure Fund II and Grupo Romero. We expect that the joint venture will work closely with Cenit and our management team to support the continued growth of our business. See "—Corporate Structure."

We believe that our shareholders' commitment to both the Colombian crude oil industry and our success as an independent infrastructure company will provide unique future opportunities to expand our operations in Colombia through organic investments and partnership opportunities.

Proactive response to the current oil crisis

In response to the current oil crisis, where there has been (x) a supply imbalance due to a lack of agreement on production cuts between OPEC and Russia, among others, and (y) a demand imbalance due to the COVID-19 pandemic, we released a series of measures designed to relieve the impact of the crude oil price drop on producers seeking to limit the impact of the current crisis on their production and therefore the level of usage of the pipeline. These initial measures were published in April 2020 and initially included (i) a set of differential volume discount ranges for transportation through the different segments of the Ocensa Pipeline and (ii) a temporary payment agreement that would allow the shipper to defer the payment of U.S.$1.00/bbl of their agreed tariff for two months or for up to six months (through a fixed principal amortization) with an additional interest charge. Although these initial measures were ultimately not adopted, we released a second set of measures such that the volume discounts were removed and the temporary payment agreements were modified to instead permit shippers to defer up to 50% of their agreed tariff payment, for any given month, for an initial period of six months subject to an interest charge, followed by a six-month period of principal payment installments subject to an interest charge. We are also evaluating temporary changes on our current transportation agreements on a case-by-case basis, including by approving temporary downward adjustments to the contracted volume of certain of our customers, with subsequent upward adjustments to reach the average contracted volume again. These efforts demonstrate our ability to create proactive solutions to address the impact of unprecedented events. See “Summary—Recent Developments—Global Oil Prices and COVID-19” for further information.

Business Strategy

We intend to focus on achieving steady and sustained growth, keeping our costs competitive and building on our competitive strengths in order to maintain and improve our market. The principal components of our strategy are to:

Capture additional growth opportunities

We intend to focus on achieving further integration of the transportation system in Colombia and offering tailor-made solutions to crude oil producers in the country. We expect to focus on investments to increase the flexibility of the system in order to transport crude oil and blends of crude oil with different quality specifications, such as heavy and extra heavy crude oil or high sulfur crude oil. This flexibility should enable shippers to use less dilutent and therefore save on logistical costs. In addition, we believe this increased flexibility will enable us to attract new volume into the Ocensa Pipeline. Due to these and other factors, we believe we are especially well-positioned to act as a consolidator of the midstream sector in Colombia, building an integrated platform that maximizes investor returns.

Enhance our profitability and margins through gains in operational efficiency

We intend to continue to focus on increasing our operational efficiency in order to enhance our profitability and profit margins. We are focused on further improving the efficiency and sustainability of our operations by investing further in advanced pipeline transportation technologies and enhancing the capacity of our facilities in order to reduce per unit transportation costs. For example, we implemented Project PROTON, an integrated transportation platform aimed at further optimizing the pipeline planning process and implementing cost reduction opportunities in areas such as drag reducing agents DRA and energy use, as well as by streamlining tasks that are currently performed manually. In order to achieve increased operational efficiency, we plan to focus on three pillars:

- *Consolidate our organizational development model to focus on efficiency and competitiveness*. We believe that we will further maintain our track record of improving cost efficiency through disciplined cost management policies and by leveraging our know-how and technical expertise. We will seek to consolidate standards of efficiency, safety and reliability throughout our organization, including continuous investment in the optimization of our operating processes by establishing challenging performance goals for our personnel.

- *Develop an asset repositioning program.* We intend to formulate and implement an asset repositioning program based upon technology designed to improve the maintenance, reliability and availability of our assets as well as foster environmental responsibility.

- *Strengthen our corporate governance to ensure operational excellence in the management of our projects.* We intend to reinforce and monitor the proper execution of our corporate governance principles (and foster compliance among our employees) in order to help eliminate management bottlenecks and inefficiencies that might hinder the successful completion of our projects.

Continue to identify and enter into new strategic partnerships

In order to increase our pipeline operations (either through expansion projects or through strategic acquisitions) while reducing our financial and operational risk, we intend to continue identifying and entering into relationships with new strategic partners within the Colombian crude oil and gas industry, including other pipelines owners and/or operators, private equity investors as well as upstream/downstream crude oil and gas companies. Currently, we are part of strategic partnerships with other pipeline operators, such as Oleoducto de Colombia, OBC and ODL, which allow us to continue to optimize our operations. We intend to continue to partner with well-established companies of domestic and international repute, including our controlling shareholders and potential customers, with which we may form joint ventures in order to allow us to gain market share and continue to take advantage of market opportunities in Colombia.

Continue our focus on health, safety, environmental awareness and social responsibility.

We intend to continue to improve our health, safety environmental awareness and social responsibility initiatives, which we believe to be essential to the sustainability of our operations. In particular, we will continue to promote a culture of prevention and emphasize continuous improvement risk management policies in order to:

- Ensure the health and safety of all employees associated with the operation of the Ocensa Pipeline and its surrounding communities, including through accident prevention programs and the strengthening of each of our worksites through worksite diagnostics;

- Create policies, through our "CARE" strategy, that focus on key stakeholder groups, such as our employees, the surrounding communities, our customers and government institutions, to address health, safety, environmental awareness and social responsibility concerns; and

- Promote environmental initiatives, including those directed towards:

    - soil protection and basins (geotechnical protection programs as well as erosion and landslide prevention, due to the heavy rains that affect the area surrounding the Ocensa Pipeline),

    - the reduction of emissions,

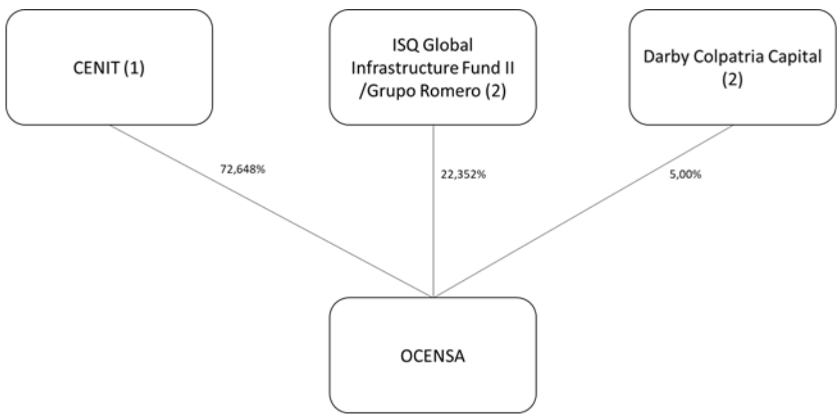
    - waste management,

    - water preservation and

    - biodiversity.

Corporate Structure

As of the date of this listing memorandum, we have no subsidiaries. The following diagram sets forth the equity interests of our shareholders in our company:



(1) A wholly-owned subsidiary of Ecopetrol.
(2) Shares held indirectly pursuant to a shareholding trust.

Our outstanding capital stock is fully subscribed and paid up, and it amounts to U.S$81.71 million as of March 31, 2020, represented by 5,159,000 shares with a par value of U.S.$15.84 each. All our outstanding shares are ordinary, nominative and confer upon their holders the same rights.

Corporate Governance

In support of our strong relationship with our controlling shareholders, we have established a thorough corporate governance structure to guide major decision-making. Central to this corporate governance structure is our shareholders' agreement, pursuant to which we have five board members, two of them independent. Our shareholders' agreement establishes significant decision-making approval processes, such as:

- Approval by a qualified majority of at least four board members of significant decisions, including:
    - our business plan and any amendments to the plan,
    - projects valued at over U.S.$100 million,
    - our involvement in new business lines substantially different from those contained in our business plan, and
    - our issuance and placement of shares or other securities below their respective fair market value.
- Shareholder approval thresholds for certain significant decisions, including an 80% shareholder support threshold to sell any of our assets worth at least U.S.$50 million.

For additional information regarding our shareholders' agreement, see "Principal Shareholders—Shareholders' Agreement."

We have a corporate governance code, which applies to our management, employees, and shareholders. Our corporate governance code contains rules governing our board of directors and shareholders' meetings, composition of our board, compensation of executive officers, internal controls, risk management, committees of our board of directors, conflicts of interest and social responsibility, among other matters.

Brief History

In the early 1990s, crude oil deposits were discovered in the Cusiana and Cupiagua stations in the Llanos basin. At the time, Colombia had only the Oleoducto de Colombia and Oleoducto de los Llanos pipelines, owned by Ecopetrol, which could transport crude oil from these fields. The Colombia Pipeline, however, did not have sufficient capacity to meet the imminent increase in production from the Llanos basin following the discovery of the deposits.

In response to these developments, in December 1994, the owners of the producing fields (Ecopetrol, Triton Pipeline Colombia Inc., BP Colombia Pipelines Ltd. and Total Colombia Pipeline) as well as two Canadian companies with expertise in the transportation of hydrocarbons Enbridge Inc., or Enbridge, and TransCanada Corporation, or Transcanada, through IPL Enterprises (Colombia) Inc., or IPL Enterprises, and TCPL International Investments Inc., or TCPL International, respectively, incorporated our company in order to design, build, operate and manage a pipeline.

The Ocensa Pipeline was completed and became operational in 1998. By this time, production from the Cusiana and Cupiagua stations had reached production of nearly 500,000 bpd, three times the amount produced when we were incorporated in 1994.

By 2006, the Ocensa Pipeline had become an established transport system for crude oil of various types, successfully transporting heavy crude oil from the El Porvenir station to the Port of Coveñas. In 2008, the rise in crude oil prices increased production at the Castilla and Rubiales fields and we began transporting crude oil from these prolific fields to the Port of Coveñas.

In 2011, we completed Project 560, which expanded our transportation capacity to 560 kbpd in Segment II of the Ocensa Pipeline.

In 2013, our shareholders shifted our operational structure from a cost center to a profit center.

In December 2013, an investor group led by global private equity firm Advent, acquired a 22.352% minority interest in us through the purchase of our equity capital from our former shareholders Santiago, New Santiago, Total Colombia Pipeline and CEPCOLSA. Also in December 2013, Darby Colpatria Capital, a private equity investment vehicle of Franklin Templeton, announced its intention to acquire Inversiones Sol's 5% equity interest in us. The acquisition was completed on March 17, 2014.

In 2014, we completed Project Delta 35, which added 35 kbpd and 40 kbpd of capacity to Segments II and III of the Ocensa Pipeline, respectively, bringing the total capacity of each of these segments to 610 kbpd and 415 kbpd, respectively, and increased the reliability of the Ocensa Pipeline

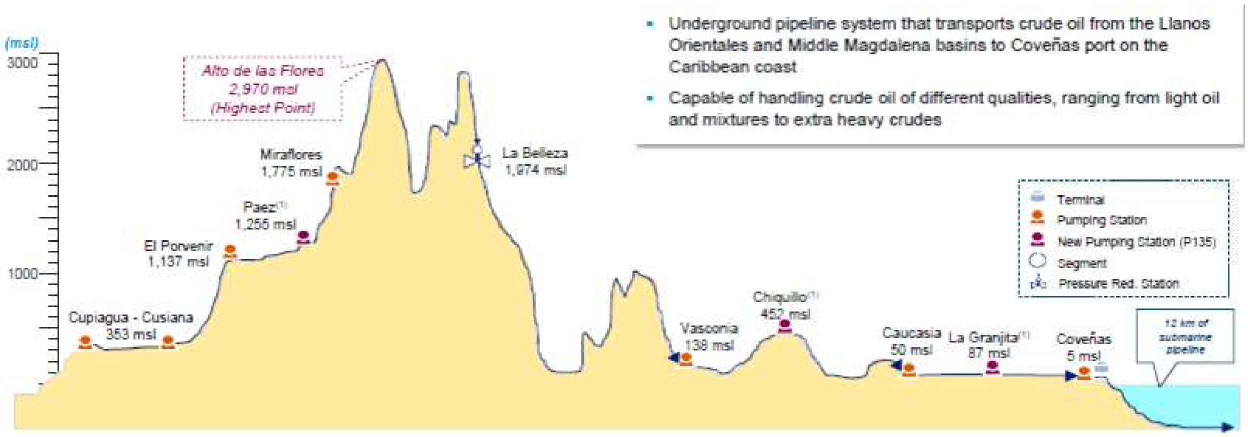
In December 2016, we completed Project Potencia 135, which added an additional three stations and 135 kbpd of capacity to Segments I, II and III of the Ocensa Pipeline beginning in July 2017.

On February 7, 2020, Advent sold its 22.352% minority interest (held through AI Candelaria (Spain) S.L's shares), to a joint venture formed by I Squared Capital, through its private fund ISQ Global Infrastructure Fund II and Grupo Romero

Our Principal Assets and Operations

We divide our principal assets and operations into four segments: Segment 0 spans between the Cupiagua and Cusiana stations of the Ocensa Pipeline; Segment I spans between the Cusiana and El Porvenir stations of the Ocensa Pipeline; Segment II spans between the El Porvenir and Vasconia stations of the Ocensa Pipeline, passing through the municipalities of Miraflores and La Belleza; and Segment III spans between the Vasconia station of the Ocensa Pipeline and the Port of Coveñas, passing through municipality of Caucasia.

The Port of Coveñas comprises both our onshore facilities at the port as well as offshore facilities located at the Caribbean Sea in the Gulf Morrosquillo. The following graphic illustrates the length, topography and facilities that comprise our operations.



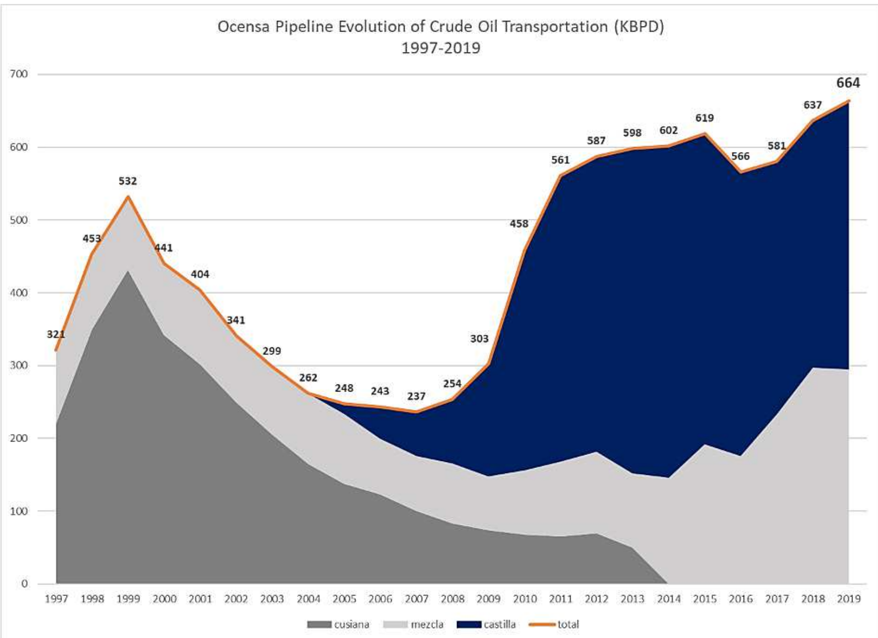
The following table sets forth the route, length, pipeline diameter, storage capacity and transport capacity of our operational segments.

Segment	Route	Length	Diameter	Storage Capacity	Transport Capacity
		(in km)	*(in inches)*	*(in bbl)*	*(in bpd)*
Segment 0	Cupiagua – Cusiana	39	16	-	198
Segment I	Cusiana – El Porvenir	33	30	1,240	745
Segment II	El Porvenir – Vasconia	287	30 – 36	260	745
Segment III	Vasconia – Port of Coveñas	477	30	0	550
Port of Coveñas	Port of Coveñas	12	42	2,800	25 time slots per month to load vessels

The Ocensa Pipeline

Spanning approximately 836 km on land and 12 km underwater, the Ocensa Pipeline is the largest and, we believe, most strategic crude oil pipeline in Colombia. Fully operational since 1998, the Ocensa Pipeline transports crude oil from the Llanos Orientales basin to the Port of Coveñas on the Caribbean coast where it is exported via tanker vessels to various crude oil importing countries. The Ocensa Pipeline passes through 45 municipalities in six Colombian states, and is comprised of eight stations, a base for maintenance coordination in Tunja, tanks for operative storing of up to 4 million barrels of crude oil throughout the pipeline system and main and back-up control centers located in the city of Bogotá.

The Ocensa Pipeline was originally built to transport light crude oil from the Cusiana and Cupiagua stations, with an original capacity of 556 kbpd at Segment II. Due to a production decline in the Cusiana field and a recent production increase in the Llanos basin, the majority of the crude oil we currently transport is heavy crude. We are currently capable of handling crude oil of different grades, ranging from light crude oil and intermediate blends to heavy crudes, providing us a competitive advantage in meeting the needs of Colombian crude oil producers and their evolving transportation demands.



Note: Based on Segment II.

Moreover, we base our transport capacity estimates on a conservative mix of heavy and light crude oil, and as a result, we have historically operated above our installed capacity. The following table presents the average daily and total annual amount of crude oil we transported for the periods indicated.

Field and Type Transported	For the three-month period ended March 31,				For the year ended December 31,					
	2020		2019		2019		2018		2017	
	(in mbpy)	*(in kbpd)*	*(in mbpy)*	*(in kbpd)*	*(in mbpy)*	*(in kbpd)*	*(in mbpy)*	*(in kbpd)*	*(in mbpy)*	*(in kbpd)*
Castilla (heavy crude)......................	141	386	133	364	135	369	124	341	127	347
Mezcla (intermediate crude)	75	203	79	217	86	237	90	247	82	225
Cusiana (light crude)......................	10	28	24	65	21	58	18	49	3	9
Total oil transported...........	226	617	236	646	**242**	**664**	**232**	**637**	**212**	**581**

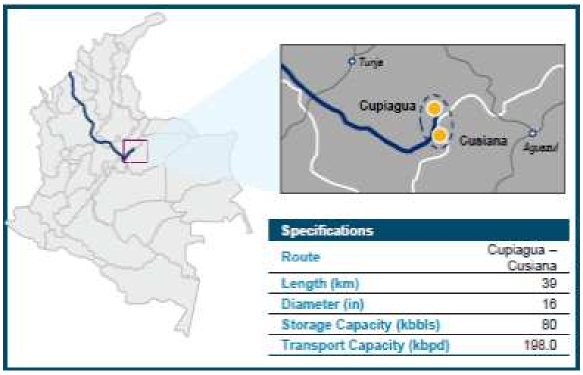
As set forth in the table below, in 2019 and for the three-month period ended March 31, 2020, we transported to final destination (ports or refineries) approximately 50% and 44% of Colombia's total crude oil transported through our pipeline, respectively, representing a significant increase from 2017, when we transported 41% of Colombia's total crude oil through our pipeline.

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2017	2018	2019
			(in %)		
Transportation by Ocensa (Segment III)	44	50	41	46	48
Transportation by other pipelines........	56	50	59	54	52

In accordance with the methodology established by the Ministry of Mines and Energy, tariffs vary among sections of the Ocensa Pipeline. The current tariffs for each segment will be reviewed pursuant to the procedure established by the Ministry of Mines and Energy and are expected to be valid until June 30, 2023.

Segment 0

As shown in the map below, Segment 0 transports crude oil from the Cupiagua station to the Cusiana station, spanning a length of 39km with a diameter of approximately 16 inches.



Segment 0 has an installed transport capacity of 198 kbpd. In accordance with the methodology established by the Ministry of Mines and Energy, the current tariff for Segment 0 is U.S.$1.2309/bbl.

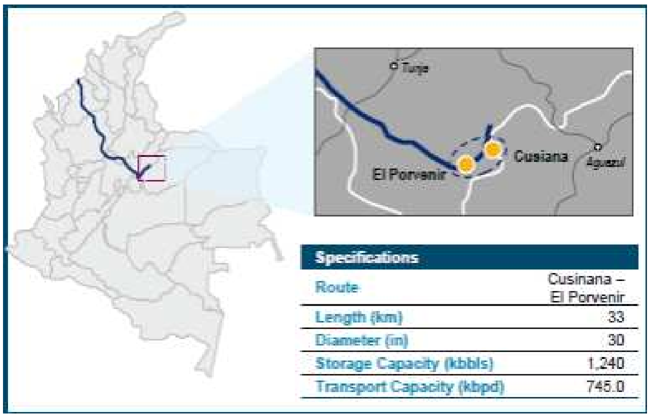
The table below sets forth Segment 0's contracted capacity pursuant to the terms of the corresponding transportation agreements we have entered into with these customers.

	As of March 31, 2020
	(in bpd)
Ecopetrol………………………………………………………………………….…	138,794
Repsol ………..…….……………………………………………………………	19,210
Total……………………………………………………………………………………	10,296
Frontera Energy (1)…………………………………………………………………	9,900
Equion……………………………………………………………………….…...	9,900
CEPSA ………………………………………………………………………………	9,900
Total contracted capacity	198,000

(1) As assignee of Transporte & Marketing S.A.S's contracted capacity for a duration of ten years.

Segment I

As shown in the map below, Segment I transports crude oil from the Cusiana station to El Porvenir station and spans a length of 33km with a diameter of approximately 30 inches.



Segment I has an installed transport capacity of 745 kbpd. In accordance with the methodology established by the Ministry of Mines and Energy, the current tariff for Segment I is U.S.$ 0.8103/bbl.

The table below sets forth Segment I's contracted capacity pursuant to the terms of the corresponding transportation agreements we have entered into with these customers

	As of March 31, 2020
	(in bpd)
Ecopetrol (1) ………………………………………………………………………	510,203
Repsol ……………………………………………………………………..……	58,492
Total …………………………………………………………………………………	7,356
Frontera Energy (2)	60,150
Vitol…………….……………………………………………………..	41,500
BP………………..……………………………………………………..	10,000
Equion……………………………………………………………….	30,151
CEPSA	30,150
Total contracted capacity	**748,002**

(1) Includes Hocol' contracted capacity.
(2) As assignee of Transporte & Marketing S.A.S's contracted capacity for a duration of ten years.

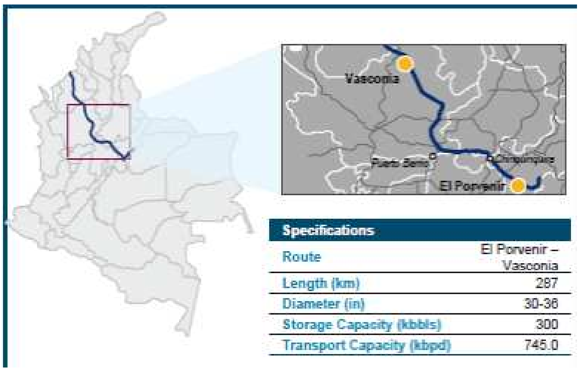
Crude oil transportation at Segment I has increased from 286,821 bpd in 2015 to 345,963 bpd in 2019, representing a CAGR of 4.80%.

	For the year ended December 31,					CAGR 2015-2019
	2015	2016	2017	2018	2019	
			(in bpd)			
Volume transported........	286,821	261,818	308,441	366,795	345,963	4.80%

For the three-month period ended March 31, 2020, crude oil transported at Segment I was 265,789 bpd as compared to 352,232 bpd for the three-month period ended March 31, 2019, primarily due to market oversupply given the lack of a production agreement between Russian and OPEC and the COVID-19 pandemic.

Segment II

As shown in the map below, Segment II transports crude oil from the El Porvenir station to the Vasconia station and spans a length of 287km with a varying diameter that ranges from 30 to 36 inches.



Segment II currently has an installed transport capacity of 745 kbpd. In accordance with the methodology established by the Ministry of Mines and Energy, the current tariff for Segment II is U.S.$ 3.5590/bbl.

The table below sets forth Segment II's contracted capacities pursuant to the terms of the corresponding transportation agreements we have entered into with these customers.

	As of March 31, 2020
	(in bpd)
Ecopetrol (1)..	510,203
Repsol	58,492
Total	7,356
Frontera Energy (2)	60,150
Vitol…………………………………………………………..	41,500
BP…………………………………………………………..	10,000
Equion……………………………………………………….	30,151
CEPSA	30,150
Total contracted capacity..	**748,002**

(1) Includes Hocol's contracted capacity.
(2) As assignee of Transporte & Marketing S.A.S's contracted capacity for a duration of ten years.

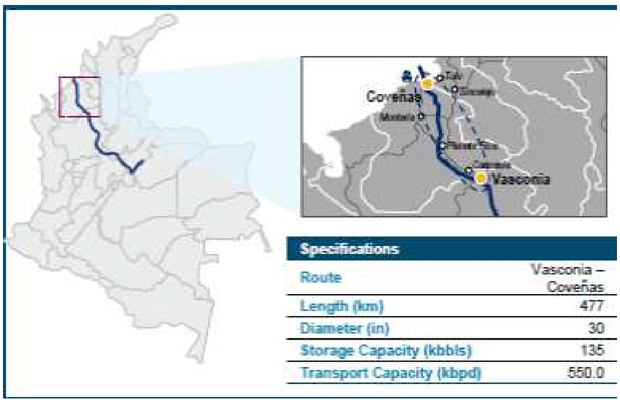
Following the completion of expansion projects, crude oil transportation at Segment II has increased from 617,988 bpd in 2015 to 664,088 bpd in 2019, representing a CAGR of 1.81%.

	For the year ended December 31,					CAGR 2015-2019
	2015	**2016**	**2017**	**2018**	**2019**	
			(in bpd)			
Volume transported........	617,988	566,274	580,886	637,049	664,088	1.81%

For the three-month period ended March 31, 2020, crude oil transported at Segment II was 616,983 bpd as compared to 646,371 bpd for the three-month period ended March 31, 2019, primarily due to market oversupply given the lack of a production agreement between Russian and OPEC and the COVID-19 pandemic.

Segment III

As shown in the map below, Segment III transports crude oil from the Vasconia station to the Port of Coveñas, and spans a length of 477km with a diameter of approximately 30 inches.



Segment III currently has an installed transport capacity of 550 kbpd. In accordance with the methodology established by the Ministry of Mines and Energy, the current tariff for Segment III is U.S.$3.3947/bbl.

The table below sets forth Segment III's contracted capacities pursuant to the terms of the corresponding transportation agreements we have entered into with these customers.

	As of March 31, 2020
	(in bpd)
Ecopetrol (1)..	372,807
Repsol	39,480
Total	7,164
Frontera Energy (2)	50,350
Vitol…………………………………………………………..	31,500
BP………………………………………………………..	10,000
Equion…………………………………………………….	20,351
CEPSA	20,350
Total contracted capacity..	**552,002**

(1) Includes Hocol's contracted capacity.
(2) As assignee of Transporte & Marketing S.A.S's contracted capacity for a duration of ten years.

Although oil transportation along Segment III experienced a decrease from 403,833 bpd in 2015, volumes have increased in the subsequent years from 349, 817 in 2016 to 398,065 bpd in 2019. As a result of the initial decrease from 2015 to 2016, Segment III experienced a negative CAGR of 0.36%.

	For the year ended December 31,					CAGR 2015-2019
	2015	2016	2017	2018	2019	
			(in bpd)			
Volume transported....	403,833	349,817	341,902	380,076	398,065	(0.36%)

For the three-month period ended March 31, 2020, crude oil transported at Segment III was 366,240 bpd as compared to 416,060 bpd for the three-month period ended March 31, 2019, primarily due to market oversupply given the lack of a production agreement between Russian and OPEC and the COVID-19 pandemic.

In connection with Project Potencia 135, and taking into consideration the capacity increases achieved under Project Delta 35, we added the following stations to Segment III, bringing the total capacity to 550,000 bpd.

- Chiquillo Station, with four 6,000 hp pumps and a 18MW diesel generation plant
- La Granjita, with three 6,000 hp pumps and a 13MW gas generation plant

Ocensa Pipeline Stations

The following stations along the Ocensa Pipeline store, pump and direct crude oil through the system:

- Cupiagua Station: a pumping station that transfers crude oil and water from the central processing facility, located at the Cupiagua field through the 16 inch Cupiagua-Cusiana pipeline to storage tanks at the Cusiana station.
- Cusiana Station: a pumping station that stores crude oil prior to pumping it to the El Porvenir station. This station relies on four principal pumping units in addition to four booster pumping units that can be utilized as operational requirements and conditions demand. The storage capacity and tank truck unloading capacity of this station are approximately 1,240,000 bbl and 88,000 bpd, respectively.
- El Porvenir Station: a pumping station that receives and stores various types of crude oil from various pipelines and sources prior to pumping the crude oil through Ocensa Pipeline according to sequences programmed into the pumping equipment. This station relies on eight principal pumping units in addition to four booster and five re-booster pumping units. This station has six storage tanks capable of holding approximately 260,000 bbl. In addition to serving as a point-of-origin for crude oil entering the Ocensa Pipeline, when the Cusiana station pumps crude oil, the El Porvenir station functions as a re-pumping station.
- Paez Station: a pumping station with four principal pumping units.
- Miraflores Station: an intermediate (booster) pumping station with eight principal pumping units. This station only has storage capacity for crude oil deriving from relief valves and drains. Between the Miraflores station and La Belleza station, the diameter of the pipeline increases from a diameter of 30 inches to a diameter 36 inches.
- La Belleza Station: a pressure reduction station designed to control and discharge pressure and crude oil flow in order to safely maintain the lower sections of the Ocensa Pipeline that run from the La Belleza station to the Vasconia station. This station has two control valves that can be used simultaneously based on operational requirements. The La Belleza station serves two important functions: (1) it prevents crude oil fumes from reaching stations upstream; and (2) it protects the downstream stretch of pipeline from La Belleza to Vasconia from abrupt changes in altitude, which directly impact the pressure this portion of pipeline can support.
- Vasconia Station: a pumping station situated at a critical intersection for crude oil from the Ocensa Pipeline and the other lines to which the Ocensa Pipeline is connected. This station is equipped to pump

crude oil through the Ocensa Pipeline or redirect the flow of crude oil to stations in other parts of Colombia. In addition to receiving the flow of crude oil from the La Belleza station, the Vasconia station has the ability to perform the following operations: (1) pump crude oil downstream through the Ocensa Pipeline (relying on four principal pumping units); (2) direct crude oil to the Barrancabermeja Refinery using a high pressure gate; and (3) direct crude oil into the Oleoducto de Colombia pipeline using a high pressure gate. Because the flow of crude oil between the El Porvenir and Vasconia stations within Segment II is much greater than the existing flow between the Vasconia and Coveñas stations within Segment III, it is imperative that the Vasconia station receive a permanent flow of reduced pressure crude oil in order to guarantee optimal operation of the pipeline system within safe operating parameters.

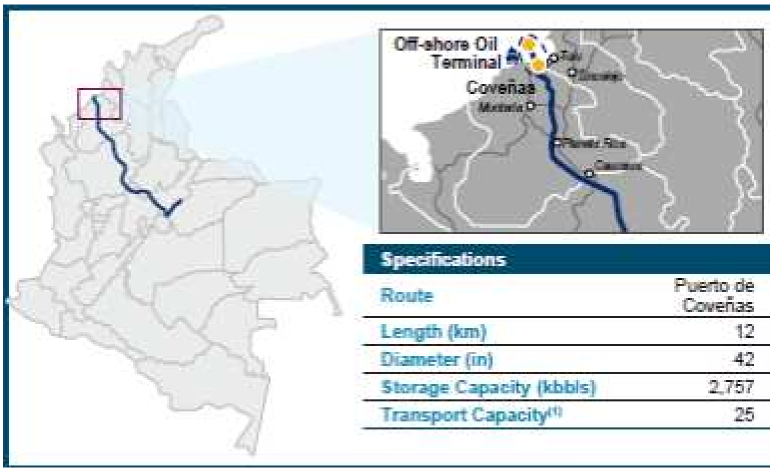
- Chiquillo Station: a pumping station with four principal pumping units.

- Caucasia Station: a booster station with four principal pumping units.

- Las Granjita Station: a booster station with three principal pumping units. This is the last pumping station on the Ocensa Pipeline before the Port of Coveñas.

The Port of Coveñas

As shown in the map below, our operations at the Port of Coveñas comprise both onshore facilities located in the Port of Coveñas and offshore facilities located at the Caribbean Sea in the Gulf of Morrosquillo.



Specifications	
Route	Puerto de Coveñas
Length (km)	12
Diameter (in)	42
Storage Capacity (kbbls)	2,757
Transport Capacity[1]	25

Our facilities at the Port of Coveñas have operational storage, transfer and export capabilities. Once crude has reached the Port of Coveñas, the crude oil is stored until it is exported or transferred. The total storage capacity at the Port of Coveñas is 2.8 million barrels and we may have access to other tanks owned by Cenit or Bicentenario for additional storage. This facility also executes and receives crude oil transfers to other facilities or storage tanks that we own. Through the facilities of the Port of Coveñas, we are able to load tanker vessels with a loading capacity between 500,000 and 2,000,000 bbl.

Our offshore crude oil terminal is located 12 km off the Port of Coveñas and is situated in an area where weather conditions are relatively stable year round. The pipeline that connects the onshore facilities to the offshore crude oil terminal is 42 inches in diameter and has a maximum estimated loading rate of 38,000 bph for heavy crude oil and 43,000 bph for intermediate crude through the TLU-2. In 2019 and for the three-month period ended March 31, 2020, approximately 57% and 59% of the total exports of liquid bulk cargo from Colombia, respectively, was crude oil exported by us at the Port of Coveñas.

The tariff for the terminal at Coveñas is currently U.S.$0.5086 per barrel through 2022.

Throughput for our Port of Coveñas operations has increased from 394,463 bpd in 2014 to 461,151 bpd in 2019, representing a CAGR of 3.17%.

	For the year ended December 31,						CAGR
	2014	2015	2016	2017	2018	2019	2014-2019
			(in bpd)				
Volume transported	394,463	410,400	401,370	409,934	397,541	461,151	3.17%

For the three-month period ended March 31, 2020, throughput for our Port of Coveñas was 419,775 bpd as compared to 480,307 bpd for the three-month period ended March 31, 2019, primarily due to market oversupply given the lack of a production agreement between Russian and OPEC and the COVID-19 pandemic

Expansion Projects

In order to expand our operations and benefit from both favorable tariff returns on capital expenditures on our pipeline and from increased demand for crude oil transportation in Colombia, we continually seek investment opportunities that meet our rigorous investment criteria to increase our current transport and operational storage capacity, providing significant upside potential for additional cash flow generation. Furthermore, our short-term efforts will be focused on several projects that are intended to increase our operational efficiency, dependability and profitability as a whole.

We believe that our project approval and selection criteria processes are well-defined and enable us to (1) help to minimize execution time, and (2) optimize technical and economic efficiencies, utilizing drag reducing agents, minimizing capital expenditures and maximizing capacity.

In the past three years, we have successfully completed the following projects:

Project Potencia 135 (2016): Project Potencia 135 was an expansion project involving the addition of three new pumping stations (Paez, Chiquillo and La Granjita) and upgrades to existing pumping stations. In connection with Project Potencia 135, and taking into consideration the capacity increases achieved under Project Delta 35, we added 135 kbpd of additional capacity to Segments I, II and III, bringing the total capacity 745,000 bpd. Our total investment in Project Potencia 135 was U.S.$554 million.

AD600 Heavy Crude Project (2016): The AD600 Heavy Crude Project was an infrastructure upgrade project to allow for the transport of heavier crude oil (300 cSt to 600 cSt). This project generated an important competitive advantage by allowing us to charge an incremental tariff of U.S.$0.45/bbl on heavy crude (300 cSt viscosity or higher). This initiative generates savings of up to U.S.$3/bbl for customers in dilution cost and logistics. Our total investment in the AD600 Heavy Crude Project was U.S.$21.5 million.

OBC Reversion Project (2017): The OBC Reversion Project was a joint project to allow for the temporary reversal of OBC's flow into the Ocensa Pipeline whenever the CLC is inoperative, avoiding shutdown of production in the Caño Limón field, and generating additional volumes through the Ocensa Pipeline. This project generated 67 kbpd of additional volume in 2019, of which 30 kbpd came from the Caño Limón field. Our total investment in the OBC Reversion Project was U.S.$20.4 million.

Other expansion opportunities

In addition, our management is currently analyzing potential expansion projects in relation to:

<u>Access</u>: our management is currently considering the implementation of new infrastructure solutions that will allow our trunk system to receive greater production volumes;

<u>Midstream consolidation opportunities</u>: our management is currently considering different opportunities including joint pipeline operation, integration of port operations, sharing of best practices and operational solutions for crude oil companies in Colombia; and

Operating other pipeline infrastructure systems in Colombia: our management is currently evaluating opportunities to operate other pipeline infrastructure systems in Colombia.

Material Agreements

The primary agreements governing our pipeline transportation operations are:

- the Pipeline Concession and Port Concession agreements,
- the transportation agreements we enter into with each of our customers, including the initial shippers, and
- our shareholders' agreement.

Pipeline Concession

On February 23, 1996 we entered into the Pipeline Concession agreement with the Colombian Government acting through the Ministry of Mines and Energy in order to plan, build, operate and maintain a public pipeline crossing certain municipalities and departments in Colombia, and for the provision of hydrocarbon transport services. The Pipeline Concession became effective on March 21, 1996, and was amended on December 26, 1997 in order to incorporate certain improvements to the technical description of the Ocensa Pipeline. This amendment became effective on April 16, 1998. The Pipeline Concession is valid for an initial duration of 50 years commencing on March 21, 1996 and subject to renewal for an additional term of 20 years. Upon termination of the Pipeline Concession, all assets and facilities under the agreement will revert to the Ministry of Mines and Energy.

The Pipeline Concession was granted to build and operate the Ocensa Pipeline from the municipality of Tauramena, located in the department of Casanare, to the municipality of Tolú, located in the department of Sucre (sections Cusiana – La Belleza and Vasconia – Coveñas). Additionally, the Pipeline Concession authorizes us to request that the Colombian Government expropriate any real property, or impose easements or rights of ways, that are necessary to perform the activities granted in the concession agreement. Moreover, subject to obtaining any required environmental permits, we are entitled to build any ways, roads and telephone lines that are necessary in order to perform the activities described in the Pipeline Concession.

Pursuant to the Pipeline Concession, we are obligated to provide crude oil transportation services to our customers uniformly and equally, except that the Colombian Government shall have the preferential right to transport 20% of the Ocensa Pipeline's daily capacity. The applicable tariffs are determined at all times pursuant to the procedures established by the Ministry of Mines and Energy for such purposes, which should be set per barrel for each segment in compliance with the Petroleum Code.

In accordance with the Pipeline Concession, the Colombian Government holds a preferential right to purchase the Ocensa Pipeline pursuant to local regulations on the thirtieth anniversary of the Pipeline Concession or upon expiration of the term of the Concession or any extension thereof.

Pursuant to the Pipeline Concession, we are obligated to disclose certain tax and performance information to the Colombian Government. In the event of a breach by us of our obligations under the Pipeline Concession, we are subject to penalties of U.S.$5,000.00 per case or breach administered by the Colombian Government. In order to secure compliance with the terms of the Pipeline Concession and payment of any due amounts or penalties, we delivered a surety guarantee to the Colombian Government in the aggregate amount of Ps$17,553,386.00.

Because the Colombian Government did not grant exclusivity rights to us under the Pipeline Concession, competitor pipelines may be developed along the same routes as the Ocensa Pipeline.

Pursuant to the applicable regulation and the Pipeline Concession, we must contribute annually the equivalent of 400 times the monthly legal minimum wage to a scholarship trust held by the Ministry of Mines and Energy. In 2019, the monthly legal minimum wage was U.S.$ 227.60, resulting in an annual aggregate contribution of U.S.$101,175.63.

In accordance with the Pipeline Concession, the Colombian Government may terminate the Pipeline Concession prior to its termination date in the event:

- we do not provide the stipulated services in accordance with the Pipeline Concession;
- we do not transport hydrocarbons for more than 120 days in a calendar year, except in the event of force majeure, acts of God, acts by third parties or with the permission of the Colombian Government;
- we assign our rights under the agreement to a foreign government or entities that depend on a foreign government, or to any third parties without the express consent of the Ministry of Mines and Energy;
- we charge tariffs higher than those determined pursuant to the procedures established by the Ministry of Mines and Energy;
- we refuse to sell the Ocensa Pipeline to the Colombian Government in accordance with its preferential right;
- we are declared insolvent;
- we do not submit any technical disputes to a resolution by experts, as provided in the local regulation;
- any of our officers or delegates contributes to any payment for the release of an abducted Ocensa officer or employee, or in the event we pay any amount resulting from extortion; and
- any of the events included in article 82 of law 104 from 1993, relating to certain acts or omissions in respect of organized crime organizations or guerrilla groups, including but not limited to, (1) undertaking, tolerating, failing to act in respect of or ceding unjustifiably to threats from organized crime or guerrilla groups, (2) receiving, delivering, investing, financing, transferring or retaining money or property derived from or directed to organized crime or guerrilla groups, (3) assisting or collaborating with organized crime or guerrilla groups in any way, (4) building, assigning, providing or transferring property to assist these groups to shelter people, or (5) omit to report any offenses by these organized crime or guerrilla groups.

We may terminate the Pipeline Concession at any time upon three months prior notice.

Port Concession

On December 6, 1996, we entered into the Port Concession with the General Superintendence of Ports and Transportation (*Superintendencia General de Puertos y Transporte*) pursuant to which we were granted the right to build and operate a crude oil export facility at the coast of Coveñas. Subsequently, Decree 101 of 2000 transferred the functions regarding port concessions from the General Superintendence of Ports and Transportation to the Ministry of Transport (*Ministerio de Transporte*). By means of Decree 1800 of 2003, Decree 2053 of 2003 and Resolution 007549 of 2003 the Port Concession was assigned to the National Concessions Institute (*Instituto Nacional de Concesiones*), which was ultimately formalized through amendment No.1 to the Port Concession on April 28, 2004. By means of Decree 4165 of 2013, the National Concessions Institute changed its legal status into a special nature agency under the name of National Infrastructure Agency (*Agencia Nacional de Infraestructura*), which assumed all rights and obligations of the National Concessions Institute, therefore becoming the contracting agency of the Port Concession.

Through amendment No. 2 to the Port Concession on October 24 of 2011, the Port Concession was changed from a private service port to a public service port, therefore allowing the Port Concession to provide services to everyone willing to accept the tariffs and operation conditions of the Port Concession, pursuant to Article 5.15 of Law 1 of 1991.

On April 15, 2013 the Colombian Government issued the Port Expansion Plan by means of CONPES 3744 (adopted through Decree 1099 in 2013). CONPES 3744 establishes a new methodology for calculating the consideration payable under port concession agreements. This methodology is applicable to (1) new port concession agreements granted after the enactment of Decree 1099 of 2013 or (2) port concession agreements executed prior to the enactment of the decree but that are subsequently and substantially amended. Pursuant to Article 17 of Law 1 of 1991, we requested an amendment to the Port Concession in August 23, 2012 in order to exclude 40 meters of oceanfront from the area granted under the Port Concession. In connection to our request, on August 2, 2013, the National Infrastructure Agency informed us that the new methodology would be applicable to the Port Concession and requested certain financial information from us in order to determine the new consideration payable under the Port Concession.

We withdrew our request for an amendment to the Port Concession and entered into an arbitration against the National Infrastructure Agency disputing the National Infrastructure Agency's decision to recalculate the Port Concession consideration pursuant to the CONPES 3744 methodology and requiring us to pay the outstanding difference. This arbitration concluded in 2018, and the arbitration court concluded that we breached certain obligations relating to the calculation of the consideration under the CONPES 3744 methodology. Notwithstanding this decision, we were not ordered to make any payment as a result of the breach. Consequently, the National Infrastructure Agency could initiate an action claiming the payment of the sums resulting from our declared breach regarding the calculation of the consideration. Currently, we are pursuing the annulment of the arbitral award.

Pursuant to the Port Concession, we undertook the obligation to comply with the tariffs regime established by the Superintendence of Ports and Transportation. Additionally, under amendment No. 4 to the Port Concession executed on December 14, 2018 (which was later clarified by means of amendment No. 5 to the Port Concession executed on September 24, 2019), we are required to pay to the Colombian Government (i.e. National Roads Institute – *INVIAS* and the San Antero Municipality), on an annual basis a consideration which is calculated under the methodology established in CONPES 3744 of 2013. The total amount of consideration to be paid (including the fixed component and the variable component of the consideration) throughout the term of the Port Concession is estimated to be U.S $15,418,928, which results in an average annual consideration of U.S $1,682,105. However, we are required to annually index, calculate, and pay the consideration before March of each year.

Our main obligations under the Port Concession are to: (1) duly operate and maintain the port facilities, (2) pay the consideration referred to above, (3) grant and maintain the guarantees established therein, (4) duly pay our employees, (5) allow the Superintendence of Ports and Transportation to perform surveillance tasks, (6) comply with any legal requirements that are applicable as established by any authority,(7) obtain all permits and authorizations required for the operation of the facilities, (8) undertake the Port Concession's social management in accordance with the applicable law and Annex 1 of amendment No. 3 of the Port Concession executed on December 5, 2016; (9) accredit the availability of the adjacent land to the Port Concession whenever and as required by the National Infrastructure Agency; (10) guarantee the availability of resources for the contracting of an external auditor (*Interventoria*) for the Port Concession through the National Infrastructure Agency; and (11) lawfully carry out our operations.

Any breach of our obligations under the Port Concession may result in: (1) fines by the National Infrastructure Agency, which depend on the type of default, but which should not surpass %20 of the value of the contract (which as of the date of amendment No. 4 to the Port Concession was estimated to be U.S $15,418,928), which could be imposed pursuant to amendment No. 3 to the Port Concession; (2) interventions in the operation of the port facilities or (3) early termination with a prohibition on entering into public contracts, as prescribed by local regulation.

The Port Concession is valid for an initial term of 20 years as of December 6, 1996. According to the Port Concession, it may be renewed for an additional term of 20 years, subject to (1) Ocensa's submission of a renewal request at least six months prior to the scheduled termination of the Port Concession, (2) the approval by the National Infrastructure Agency, (3) the further execution of the correspondent amendment to the Port Concession, and (4) the extension of the guarantees described below. Furthermore, pursuant to ruling C-068 of 2009 by the Colombian Constitutional Court, port concession contracts may only be extended once. Following both of the aforementioned considerations on the conditions for the extension of the Port Concession, the Port Concession was extended for 20 years through amendment No. 3 to the Port Concession and is now in force until December 6, 2036. Pursuant to Article 8 of Law 1 of 1991 and the Port Concession, once the term expires we have the obligation to revert to the National Infrastructure Agency not only the land received under concession, but all fixtures and real estate located on that land.

The Port Concession may be suspended in the event of force majeure for as long as two years, after which, if the force majeure events continue to affect the Port Concession, we may opt either for the termination of the Port Concession or to continue its performance.

The National Infrastructure Agency may terminate early the Port Concession with a prohibition on entering into public contracts (*caducidad*) any time upon the occurrence of any of the following events, among others:

- a default by us that materially and directly affects port operation under the Port Concession;
- the assignment of our rights under the Port Concession without the National Infrastructure Agency's consent; or
- our repeated default under the Port Concession such that the public interest is materially affected.

In the event the Port Concession is terminated by the National Infrastructure Agency following the occurrence of any of the foregoing events, Ocensa will be obligated to pay a penalty in an amount equal to 10% of the total consideration payable by it under the Port Concession.

Pursuant to amendment No. 3 to the Port Concession, we are required to grant and maintain throughout the performance of the Port Concession, the following guarantees:

In order to secure compliance with our obligations under the Port Concession, including the payment of fines and penalties, we are required to grant a performance guarantee to the National Infrastructure Agency in an amount equal to 3% of the amount of the investment plan approved pursuant to the Port Concession (which as of amendment No. 4 is equal to U.S $56,739,467 of 2015), but not exceeding 100 times the monthly legal minimum wage. This guarantee must be valid for the entire term of the Port Concession plus six additional months, and may be obtained and/or renewed periodically every five years.

In order to secure the timely and proper payment of salaries, social security items and any applicable indemnification of our personnel, we are required to grant a surety guarantee to the National Infrastructure Agency equal to 5% of the consideration (which as of amendment No. 4 to the Port Concession is estimated in U.S $15,418,928 of 2015). This guarantee must be valid for the complete term of the Port Concession plus three additional years and may be obtained and/or renewed periodically every five years.

Additionally, in order to ensure the quality of the maintenance services performed over the works in the public land and in the destination real estate, we are required to grant a surety guarantee to the National Infrastructure Agency equal to 5% of the value of the assets subject to reversion but in any case less than 100 times the legal minimum wage. This guarantee must be valid for two years after the execution of the reversion agreement.

In order to ensure the stability of the works built on public land, we are required to grant a surety guarantee to the National Infrastructure Agency equal to 5% of the value of the constructed work but in any case less than 100 times the legal minimum wage. This guarantee must be valid for five years following the termination of the corresponding work, which we shall notify to the National Infrastructure Agency for its verification.

Finally, in accordance with the Port Concession, we are required to maintain an insurance policy to indemnify the National Infrastructure Agency against any civil liabilities and torts resulting from damages caused by the operation of the port terminal. This insurance amount should be equivalent to 10% of the amount of the investment plan approved pursuant to the Port Concession according to amendment No. 4. This guarantee must be valid for the entire term of the Port Concession plus six additional months and may be obtained and/or renewed periodically every five years.

Transportation Agreements

Agreements with initial shippers

We have entered into transportation agreements with shippers of crude oil, including the initial shippers, that govern the crude oil transportation services we provide. We entered into transportation agreements with the initial shippers on March 31, 1995, as amended and restated on January 17, 2013, and these agreements terminate on December 31, 2093. Except for transportation capacity assigned to a particular initial shipper, the terms and conditions of each of the transportation agreements executed with an initial shipper are identical.

Pursuant to the terms of our transportation agreements, an initial shipper must inform us of the daily average amount of crude oil to be transported during a calendar month two months in advance. The shipper must deliver the crude oil to a designated entry point and collect the crude oil at an identified exit point along the Ocensa Pipeline. Upon prior notice to us, the rights and obligations of an initial shipper under a transportation agreement may be extended to its affiliates up to the contracted capacity of the initial shipper, provided that the shipper and its affiliate are jointly responsible for the initial shipper's obligations under the transportation agreement. In addition, an initial shipper may temporarily or permanently assign its contracted capacity to a non-affiliated third party, provided that the assignee complies with the obligations set forth in the transportation agreement and due notice is provided to us.

To the extent an initial shipper does not fully utilize its contracted capacity in any given calendar month, we are permitted to allocate the remaining contracted capacity at our discretion for that calendar month.

Our transportation agreements with the initial shippers are based upon the "ship and pay" module, pursuant to which we are required to make available to each shipper a specified contracted capacity irrespective of whether the initial shipper transports a volume of crude oil that is lower than the initial shipper's contracted capacity. Tariffs under the transportation agreements are paid to us per each barrel received from a shipper. In the event any amounts owed to us become due and payable for over 60 days, in addition to applying a penalty interest rate on such amounts, we are entitled to sell the initial shipper's crude oil under market conditions, or, in the event we are unable to sell such crude oil, to cease receiving crude oil from the initial shipper for transportation until (1) we have received payment in full of any amounts owed, and (2) the initial shipper establishes an irrevocable surety guaranty for any payment the initial shipper may owe to us over the following six months. During the suspension of an initial shipper, we may choose to allocate such initial shipper's contracted capacity in our discretion. We may also suspend service to any initial shipper if it owes any amounts due and payable for over 90 days.

Transportation agreements may be terminated by an initial shipper prior to the contract term upon six months prior notice by the initial shipper.

We may terminate a transportation agreement upon notice to an initial shipper in the event:

- an initial shipper delivers less than 85% of the crude oil previously informed to us in a calendar month, for at least four months in a calendar year, affecting our capacity program and our ability to fulfill our obligations with other initial shippers;
- of a delay in payment of more than 60 days more than four times in a calendar year;
- (1) failure to pay any invoice for a term of over 180 days or (2) upon the suspension of shipments to an initial shipper for more than 90 days;
- failure of an assignee to maintain any applicable rating and other condition necessary for the assignment, and such failure occurs for more than 60 days; or
- upon a change of control of an initial shipper that results in an assignment of the transportation agreement, if the requirements for any such assignment under the transportation agreement are not satisfied within the 60 days following the change of control.

Pursuant to our transportation agreements with the initial shippers, we may not enter into new transportation agreements that affect in any way the rights of the initial shippers without their prior consent. In addition, we may contract with third parties to sell any excess transportation capacity under our transportation agreements with the initial shippers, and our relationships with these third parties are governed by our transporter's manual.

We have executed, and anticipate that we will continue to execute, transportation contracts in connection with certain of our expansion projects based upon a "ship or pay" module.

"Ship or Pay" contracts

In 2014, we entered into "ship or pay" contracts with five shippers in connection with the capacity expansion achieved by the completion of Project Potencia 135 in December 2016 for a total of 135 kbpd, plus reserve capacity contracts of 10 kbpd for Segments I, II and III of the Ocensa Pipeline. "Ship or pay" contracts range from eight to ten years, and services under the "ship or pay" contracts are paid regardless of the effective use of the capacity or the segment by which the crude enters or exits the pipeline. The initial contractual tariff agreed upon by the parties was of U.S.$8.3382/bbl for 2016 adjusted by (i) type of crude transported and (ii) length of each contract. This tariff is adjusted annually by a fixed rate of 2.57%, until the expiration of the contracts.

In April 2017, two shippers filed a request for an arbitration proceeding alleging the tariff mechanism above was illegal. As a result of the proceeding, on July 12, 2018, we entered into a settlement agreement, which resulted in amendments to the "ship or pay" agreements with the five shippers. The tariffs included in such amendments are detailed in the table below:

Tariff U.S.$/bbl	2017	2018	2019	2020	2021	2022	2023
Segment I	0.48335	0.4958	0.5086	0.5216	0.5351	0.5488	0.5630
Segment II	3.06728	3.1462	3.2272	3.3102	3.3954	3.4828	3.5725
Segment III	2.64987	2.7181	2.788	2.8598	2.9334	3.0089	3.0863
Total	**6.2005**	**6.3601**	**6.5238**	**6.6916**	**6.8639**	**7.0405**	**7.2218**

The table below sets forth the contracted capacity by shipper for the "ship or pay" contracts.

Shipper	**Capacity** *(in kbpd)*	**Contract Length** *(years)*
Ecopetrol	70.0	10.0
Frontera	30.0	8.0
Hocol	17.5	10.2
BP/Gunvor	10.0	3.2
Vitol	17.5	8.5
Total contracted capacity/ average contract duration	**145.0**	**9.4**

"Ship and Pay" contracts

Under "ship and pay" contracts, each shipper has transportation rights valid until 2093. Total contracted volumes amount to 198.0 kbpd, 603.0 kbpd, 603.2 kbpd and 407.0 kbpd for Segments 0, I, II and III of the Ocensa Pipeline, respectively, as illustrated below. Under "ship and pay" contracts, the shippers pay for the transportation services based on the actual capacity used on a monthly basis. The tariff for "ship and pay" contracts are set according to MME regulations

Contracted Capacities *(in kbpd)*	**Segment 0**	**Segment I**	**Segment II**	**Segment III**
Ecopetrol	138.8	422.7	422.7	285.3

Frontera	9.9	30.2	30.2	20.4
Repsol	19.2	58.5	58.5	39.5
CEPSA	9.9	30.2	30.2	20.4
Total	10.3	7.4	7.4	77.2
Vitol		24	24	14
Equion	9.9	30.2	30.2	20.4
Total contracted capacity	**198.0**	**603.2**	**603.2**	**407.2**

Shareholders' agreement

On March 31, 1995, we entered into a shareholders' agreement with the initial shippers, which was later terminated. A new shareholder's agreement was entered into on January 17, 2013 and subsequently amended on May 24, 2013. The shareholders' agreement will remain valid until the date our shares are (1) registered in the Colombian national registry for securities and issuers and (2) listed on the Colombian stock exchange in connection with an initial public offering. In addition to corporate governance matters, our shareholders' agreement governs certain operational matters, including the contractual capacities of the initial shippers along the Ocensa Pipeline. For a discussion of certain corporate governance provisions under our shareholders' agreement. See "Principal Shareholders – Shareholders' Agreement."

Other Material Agreements

Among other material agreements, we have entered into:

1. a joint operation agreement with ODC and Cenit, since September 30, 1999 under which we are entitled to a certain percentage for the common operation of the TLU-3 for the purpose of loading oil tankers on demand at Coveñas Terminal. The current total annual amount corresponding to us for this joint operation agreement is U.S.$3,609,523. Pursuant to its terms, this agreement continues until either party determines otherwise. We have continually exercised the renewal option.

2. a lease agreement with Oleoducto Bicentenario, for tank storage capacity, dated January 24, 2014, pursuant to which Oleoducto Bicentenario will make available for lease (i) up to 500,000 barrels per month of nominal capacity storage tanks of Oleoducto Bicenetenario and (ii) up to 1,080,000 barrels after deduction of surplus of the Oleoducto Bicentenario in its tanks. We pay a fixed monthly amount of U.S.$102,800 plus a variable amount per barrel. This agreement has a five-year term, which began on June 12, 2015. The current agreement will end on July 11, 2020 and it will not be renewed.

3. a maintenance agreement with Ismocol de Colombia SA. (Ismocol), dated October 24, 2019, pursuant to which Ismocol provides us with preventive and corrective mechanical maintenance, as well as service and care in emergencies. This agreement is valid for three years and may be renewed for an additional term of one year. The consideration paid by us pursuant to this agreement for the first three years is estimated to total Ps$95,638,209,154 plus the corresponding value added tax for services provided to us under the agreement.

4. a maintenance agreement with Massy Energy Colombia SAS., (Massy Energy), dated April 01 2019, pursuant to which Massy Energy provides us integral maintenance of pipeline stations and power generation systems. This agreement is valid for three years and may be renewed for an additional term of two years. The consideration paid by us for the term of this agreement for the first three years is estimated to total Ps $89,849,171,925, plus the corresponding value added tax for services provided to us under the agreement.

5. an agreement with UNIÓN TEMPORAL CTT - MARINOS, dated February 25, 2015, through which UNION TEMPORAL MARINOS provides us with maritime services to the offshore terminal and the contingency equipment operation. This contract was initially valid for five years commencing on March 1, 2015 and was extended for an additional six months until August 31, 2020. The amount paid by us during the term of this agreement is estimated to total U.S.$ 23,307,614.

6. an agreement with Gas Natural S.A. E.S.P. (now VANTI), dated October 27, 2015 for the delivery of gas to El Porvenir, Paez and Miraflores stations of the pipeline. Pursuant to this agreement, we are obligated to consume or pay 70% of the contracted 10865 MBTUD of gas. The term of the agreement is seven years beginning December 1, 2015.

7. an agreement with ENEL-EMGESA S.A. E.S.P., dated December 23, 2019 for the delivery of energy in Vasconia. Caucasia and Coveñas stations of the pipeline. Pursuant to this agreement, we are obligated to pay for electricity consumption based on the monthly utilization made by the Vasconia, Caucasia and Coveñas stations of the pipeline, for a fee of 209.10 Ps$/kWh for the non-regulated components: Generation and Commercialization (G+C). The term of the agreement is three years beginning January 1, 2020 and will expire in December 31, 2022.

8. an agreement with Industrias Inversiones y Servicios Delrio SAS (Delrio), dated August 16, 2019 for the supply and injection services of drag reducing agents for the crude oil transportation system. This agreement is valid for three years. The estimated amount to be paid by us under this agreement is U.S.$25,957,574 before taxes.

9. an agreement with Parex, dated September 20, 2019 for crude oil supply for operational and energy generation use. This agreement is valid for two years. The estimated amount to be paid by us under this agreement is U.S.$48,545,565 before taxes.

10. an agreement with Surtigas S.A E.S.P. since December 1, 2015 for gas delivery to the La Granjita station of the pipeline. This agreement is valid for a term of seven years. Pursuant to this agreement, we are obligated to consume 3000 MBTUD of gas. The estimated amount to be paid by us under this agreement is U.S. $23,860,789.

11. an Engineering, Procurement and Construction agreement with CONSORCIO MONOBUOY-CIS 2019, dated as of April 30, 2019, pursuant to which CONSORCIO MONOBUOY-CIS provides us engineering, procurement and construction services related to the replacement of the Monobuoy System in the Coveñas Terminal. This agreement is valid for 21.5 months and it is not renewable. The consideration paid by us pursuant to this agreement for the first three years is estimated to total U.S.$22,489,694, plus the corresponding value added tax for services provided to us under the agreement.

Transporter's Manual

The administration and operation of the Ocensa Pipeline are subject to our transporter's manual, which was established by us on January 14, 2011 and which is valid indefinitely beginning March 2011. Our transporter's manual governs commercial relationships among us, the initial shippers, other shippers and any third parties that use our service and transport crude oil through the Ocensa Pipeline but are not counterparty to a transportation agreement with us.

Our transporter's manual establishes (1) the procedures that must be followed in order for shippers to designate an amount of crude oil to be transported daily during the following second calendar month and (2) the guidelines pursuant to which we must allocate transportation capacity along the Ocensa Pipeline to shippers.

Pursuant to our transporter's manual, we must prioritize our allocation of transportation capacity along the Ocensa Pipeline as follows:

1. the preferential right by the Colombian Government to transport 20% of the Ocensa Pipeline's capacity;

2. shippers that are a party to a transportation agreement with respect to their respective contracted capacities;

3. shareholders for the transportation of crude oil in excess of their respective contracted capacities;

4. (a) shippers that are not our shareholders for the transportation of crude oil in excess of their respective contracted capacities; (b) shippers that are not our shareholders and do not have contracted capacities with us; and (c) third parties. Each of these categories of shippers must be given the same preference and will be selected on a "first come" basis; and

5. other shippers.

Our transporter's manual also details the manner in which crude oil must be delivered and collected by shippers and the penalties to be imposed in the event the agreed volume of crude oil is not actually delivered by shippers.

In accordance with the procedures set forth in our transporter's manual and notwithstanding any guarantees provided separately to us, in the event a shipper fails to pay any amounts due to us, we may be entitled to (1) sell the crude oil delivered by the relevant shipper to us in an amount necessary to cover any such shortfall and (2) cease transporting crude oil on behalf of such shipper until we have received payment in full or the corresponding shortfall has been fully guaranteed.

In the event of inconsistencies between the provisions of our transportation agreements and those of our transporter's manual, the provisions of our transportation agreements typically prevail.

Health, Safety and Environmental Responsibilities

Since our incorporation, we have achieved high levels of health, safety and environment, ("HSE") standards having obtained Occupational Health and Safety Management System Certification ("OHSAS 18001:07"), and Environmental Management System Certification ("ISO 14001:04") since 2005. Moreover, we continuously audit and examine our operations in order to ensure that we effectively protect the health and safety of our employees and our contractors' employees and the integrity of the environment. We intend to continue to improve our corporate HSE policies by structuring and identifying processes and risks that impact control, improving emergency preparedness responses and applying OHSAS 18001:07 and ISO 14001:04 standards.

Health and Safety

The health and safety of our employees and our contractors' employees is a key focus of our operations. We promote a culture of prevention and emphasize continuous improvement in the process of risk management, seeking to preserve the integrity of our employees and our contractors' employees and of the communities located near our assets.

Each year, we consolidate management and intervention programs for accident prevention and diseases into an annual program that addresses occupational HSE. The annual program, based on compliance with national legislation, industry agreements and technical guidelines relating to prevention and protection, is intended to mitigate the principal risks and identified impacts of our operations and to increase preparedness for emergencies, both by our employees and third-party service providers.

Based on the results of our annual evaluations, we develop diagnostic tools for each worksite and conduct outreach programs in order to generate information that we may analyze and to strengthen health and safety at the individual and corporate level. To maximize discourse and action on health and safety, we have formed:

a) Joint Committee on Occupational Health (*Comité Paritario de Salud Ocupacional*), or COPASO -, registered with the Ministry of Social Protection-;
b) Monthly Strategic Revision of HSE Performance comprised of a wide array of company leaders and supervisors;
c) Weekly Tactical Revision of HSE Implementation - with operation supervisors; and
d) Improvement Circles – joint field revision with contractors.

We have also developed training programs and manuals directed at our employees and contractors based on the "safe start" regime (developed by Dupont) in order to strengthen safety awareness. The regime is focused on recognizing and preventing behaviors that result in errors before they occur.

The table below sets forth certain HSE metrics for the periods indicated.

	For the three-month period ended March 31,		**For the year ended December 31,**		
	2020	**2019**	**2019**	**2018**	**2017**
HSE Metrics:					
Recordable injury frequency(1)	0.96	0.93	0.84	0.44	0.44
Absenteeism rate - general illness(2)	3.47	2.93	3.15	2.68	3.18
Rate of days lost(3)	1.11	1.25	1.63	1.71	2.22
Rate of Occupational disease rate(4)	0	0	0	0	0
Number of fatalities	0	0	0	0	0
Vehicular accidents	0	0	0	0	2
Number of onshore spills	0	0	0	1	0
Number of offshore spills	0	0	0	0	1
Number of Incidents resulting in damage greater than U.S.$5,000.00	0	0	0	0	0

(1) Corresponds to Recordable Injury Frequency, or RIF, of our contractors, given that the RIF of our employees is 0. Calculated as total accidents divided by total hours worked multiplied by 200,000.
(2) Calculated as total absent days divided by total hours worked multiplied by 200,000.
(3) Includes days lost due to accidents of contractors. Calculated as total days lost divided by total hours worked multiplied by 200,000.
(4) Calculated as total cases of occupational diseases divided by total hours worked multiplied by 200,000.

Environmental Matters

One of our main objectives is to prevent and control the negative impacts of our operations on natural resources and the environment. In addition to our environmental license, which was granted in 1995 by the then Ministry of the Environment, and the acquisition of environmental licenses for each of our stations, we invest heavily in environmental initiatives. In 2017, we invested U.S.$653,102 in environmental initiatives through our HSE department, a portion of which was directed towards soil protection and basins (geotechnical protection works, erosion and landslides prevention), due to the heavy rains that affected the area surrounding the Ocensa Pipeline. In 2018, we invested through our HSE department U.S.$1,618,854 in environmental initiatives. In 2019, we invested through our HSE department U.S.$1,863,994 in environmental initiatives. For the three month period ended March 31, 2020, we invested through our HSE department U.S.$277,640 in environmental initiatives.

In our environmental management plan, which was approved by the Ministry of Environment and Sustainable Development through the resolution 952 dated August 31, 1995, as amended, we outline the activities necessary to prevent, mitigate, correct and compensate for environmental impacts generated by a project over the course of its various stages. Our environmental protection efforts include:

- reducing emissions;

- managing waste;
- energy efficiency;
- water preservation;
- biodiversity; and
- spill prevention and remediation.

Reducing emissions

We have identified our main source of emissions as the operation of combustion engines that help move crude oil through the Ocensa Pipeline. Because our combustion engines operate on crude oil, emissions are primarily nitrogen oxides, sulfur oxides, carbon dioxides and particulate matter. These emissions, as well as the air quality of the surrounding areas, are measured annually to test the environmental impact of our operations. We have historically reported emission levels well below annual and daily limits established by law.

	Year Ended December 31, 2019		
	Particulate Matter	**Nitrogen oxides**	**Sulfuric oxides**
Emissions by Station:		*(in µg/m^3)*	
Port of Coveñas(1)	34.08	<51.33	<18.31
Cusiana(1)	59.72	57.24	19.93
La Belleza(1)	42.53	64.02	18.27
Miraflores(1)	81.67	<57.37	<19.63
El Porvenir(1)	44.53	64.02	19.33
Annual daily average limit	100	60	250
Daily limit	300	150	50

(1) Data according to annual tests of air quality conducted in 2019.

We have created a number of initiatives to reduce emissions. Strict routines for engine maintenance optimize internal combustion, thereby reducing emissions from fuel combustion. For pumping station engines that consume crude oil, we are designing a clean development mechanism ("CDM") that aims to reduce the crude oil consumption of each motor by approximately 30% and replace this amount with natural gas. We also use a videoconferencing system to minimize vehicular transport and implement strict practices to avoid the emission of refrigerant gases, which deplete the ozone.

Waste management

We comply with applicable national legislation and seek optimal alternatives for the management and disposal of waste in order to prevent contamination of resources or compromise our employees' health. We take particular care with hazardous wastes produced by our operations. Approximately 99% of this hazardous waste is disposed of through incineration, and the remaining 1% of this hazardous waste is sent to manufacturers for recycling or secure storage for later disposal.

Energy efficiency

We utilize various strategies to maximize energy efficiency, such as solar technology and visual aids that remind employees to turn off the lights or shut down equipment that is not being used. The majority of our energy use comes from our administrative centers, particularly in the city of Bogotá, where we established a new office with more natural light in order to reduce energy use.

	For the three-month period ended March 31,		For the year ended December 31,		
	2020	2019	2019	2018	2017
Energy Consumption by Facility:	*(in kilowatt hours)*				
Cusiana	68,804,261	92,296,469	361,651,158	365,148,811	364,256,326
El Porvenir	186,389,542	163,223,438	748,115,641	653,370,982	633,693,080
Páez	51,873,083	51,141,555	211,396,898	166,144,337	143,506,067
Miraflores	117,934,587	122,245,842	505,153,932	448,313,749	382,932,931
La Belleza	80,780	64,680	259,380	235,148	209,220
Vasconia	13,431,948	14,448,415	56,596,341	52,456,034	47,924,701
Chiquillo	27,668,813	30,866,892	112,957,891	77,038,789	45,764,698
Caucasia	32,108,642	42,140,320	121,073,246	111,174,820	116,870,857
La Granjita	40,818,372	40,032,760	160,426,629	134,370,116	96,786,783
Port of Coveñas	5,659,298	6,166,799	24,162,991	18,387,837	15,699,396
Total	544,769,326	562,627,170	2,301,794,107	2,026,640,623	1,847,644,059

Biodiversity

Although the Ocensa Pipeline does not significantly impact surrounding ecosystems because of its underground design, we promote the development of biodiversity in the Ocensa Pipeline's area of influence through both mitigation and compensation. Mitigation seeks to restore the environment to its original conditions before the commencement of a project by fostering conservation and soil protection, thereby helping to prevent erosion and landslides. Compensation establishes protected areas with reforestation of land in the area of influence of the Ocensa Pipeline.

Spill prevention and remediation

We have mechanisms in place to prevent offshore and onshore spills. In the past three years, we have experienced one onshore spill (2018) and one offshore spill (2017). The offshore spill occurred on October 21, 2017 and resulted from a loss in containment of a floating hose at the Port of Coveñas. This incident resulted in the spillage of 13.5 bbls of crude oil. The aggregate clean-up costs associated with this spill totaled U.S.$ 1,154,003 and was accounted for as an operating cost. The onshore spill occurred in limits between the municipalities of Otanche and Puerto Boyacá (Boyacá) (PK274) and resulted from atypical valve failure due to lube fitting. This incident resulted in the spillage of 1.06 bbls of crude oil. The aggregate clean-up costs associated with this spill totaled U.S.$2,379,784 and was accounted for as an operating cost.

CARE

In 2015, we implemented the "CARE" strategy, an integrated, stakeholder-focused framework for the treatment of health safety, environmental awareness and social responsibility. Pursuant to the "CARE" strategy, policies with respect to each of six stakeholder groups are considered, including the following:

- Our People: Caring for the people associated with the business. Between 2017 and 2019 zero occupational diseases were reported and we decreased the rate of lost days by 27%. Recordable injury frequency (RIF) indicator also showed a sharp decrease of 63% compared with 2015 levels, staying below 1.0, in spite of an increase in 2019 compared with 2018.

- Our Community: Establishing trust-based relationships with communities in the pipeline's area of influence, with an emphasis on women's development. In 2019, we invested over U.S.$2.65 million in partnership programs with communities, local authorities, and NGOs focused especially to on our commitment to women's development programs.

- Our Environment: Developing projects to mitigate our environmental impact and adapt to climate change, including conservation, spill prevention and remediation strategies. We actively implement energy efficiency projects targeted to substantially decreasing noise and carbon dioxide emissions. During 2018 and 2019 we accumulated emission reductions for 65,000 tons of CO_2.

- Our Allies: Adding value to customer services and capturing new business opportunities. Over the last three years, we have completed capacity expansion project Potencia 135, in addition to several integration and competiveness projects.

- Our Assets: Establishing policies and processes to protect our pipeline infrastructure, maintenance systems and reputation. Ocensa identifies new project opportunities and improvement initiatives, such as accident prevention initiatives, as well as caring and maintaining the knowledge and expertise of our personnel, and efficiently allocates capital to them.

- Institutions (Governmental and regulatory authorities): Maintaining positive relationships with authorities and a high quality standard to ensure the continued availability of government authorization and contracts. In 2017, we established a Risk and Compliance department to manage its governance, risk and control functions in an integrated manner, including compliance with applicable regulations.

Employees

The table below sets forth the number of our employees, our turnover and our turnover ratio as of the dates indicated:

	As of March 31, 2020	As of December 31, 2019	2018	2017
Number of Employees	288	288	275	286
Turnover	4	9	12	9
Turnover Ratio(1)	1.4%	3.1%	4.4%	3%

(1) Calculated as turnover divided by number of employees, expressed as a percentage.

Under the guidance of our senior management and through our selection process, we have access to talented employees, having also established successful retention measures and implemented beneficial labor practices. As a result of these efforts, our labor environment index was 76.3 in 2017 and 76.5 in 2018, as published by Great Place to Work in 2019.

Our Relationships with Labor Unions

As of the date of this listing memorandum, we have not entered into any collective bargaining agreements with our employees, and none of our employees are represented by unions.

However, our labor relationships may be influenced by the Syndicated Labor Union of the Petroleum Industry (*Unión Sindical Obrera de la Industria del Petróleo*, or the USO). While this union originally represented only Ecopetrol's employees, it is currently an "industry union," as regulated under Colombian law, and represents employees of contractors that render services to oil and gas companies. In accordance with its terms, employees of contractors may be covered under and are beneficiaries of the collective bargaining agreement established between the USO and Ecopetrol, with the costs of any compliance with the collective bargaining agreement assumed by the contractor or direct employer.

The USO yields significant influence in our industry's labor relationships and has been instrumental in the transformation of the collective legal framework for trade unions in Colombia.

Third-Party Service Providers

In the ordinary course of our operations, we contract third-party service providers, including related parties, to assist us in conducting our business. Material third-party service providers include:

- Parex Resources Colombia LTDA: Crude oil supplier for oil transport.

- Gas Natural SA. ESP: Power energy supply for the Coveñas, Vasconia and Caucasia terminals of the Pipeline.

- Ecopetrol: Lease agreement of TLU-3 at Terminal Coveñas for loading crude oil in ship storage oil.

- Massy Energy Colombia SAS: integral maintenance of OCENSA pipeline station and power generation system among others.

- Industrias Inversiones y Servicios Del Rio: The supply of drag reducing agents set for crude oil transportation system.

- Ismocol de Colombia SA.: Pipeline preventive, corrective and emergency maintenance services.

See also "—Material Agreements" and "Related-Party Transactions."

Corporate social responsibility

Our infrastructure passes through 45 municipalities in six Colombian states. We have a significant number of stakeholders throughout the country and, as such, we are committed to the development of the municipalities and regions in which we operate. Aside from the environmental and social investments we make to comply with the Colombian regulatory framework, we have implemented programs that are in line with the United Nations Sustainable Development Goals.

Since 2015, we started the program "Mujer y Desarrollo" (*Women and Development).* With this program we promote gender equality by empowering women in the areas we serve. The program has three prongs:

- **Women and education:** focused on empowering women by promoting access to higher education. As of December 31, 2019, 142 women in 22 municipalities have participated.
- **Women and family**: focused on strengthening women's relationships with their families and improving their quality of life. During 2018 and 2019, we partnered with 315 families, building capacity to lead family projects as well as improving their dwellings by either providing them with a new home or making improvements to reduce overcrowding in their existing home and as such enhance their quality of life.
- **Women and community**: focused on empowering women through leadership within the community or as business leaders. We seek to strengthen women's role in public, economic and political matters as well as through promotions and increasing awareness of women's rights. During 2019, we promoted 500 women entrepreneurs and financed 300 projects involving jewelry, gastronomy, organic food, fish, fruits, honey, among others.

Through each of these prongs, we show our commitment not only to the "*Gender equality,*" "*Quality education"* and "*Decent work and economic growth"* goals in the United Nations Sustainable Development Goals but also to Colombia's development. In Ocensa all corporate responsibility investments are designed and implemented in alliance with a wide array of public institutions, NGOs and private companies.

Properties, plant and equipment

Our main assets consist of our crude oil transportation pipeline and its related terminals, stations and facilities, including facilities located at the Port of Coveñas. See "—Our Principal Assets and Operations" for a description of our properties, plant and equipment.

As of March 31, 2020, the net book value of our properties, plant and equipment totaled U.S.$1,451 million, representing 75% of our assets.

Intellectual property

Our intellectual property rights portfolio includes trademarks which are used as strategic tools in the generation of new ways to produce and optimize our process and to protect our business activities. We aim to protect the value of our intellectual property by establishing our ownership rights through trademarks and other relevant conventions and agreements and by using legal and regulatory recourse in the event of infringement by a third-party.

Insurance

We believe that we currently maintain customary insurance of the types and amounts that are generally consistent with industry practice in the geographic regions of Colombia in which we operate. We maintain insurance policies covering risks related to damage to property and persons, among others, but do not maintain business interruption insurance.

We identify, evaluate, control, when possible, and transfer the risks that affect people, assets and income related with our business. We implement a risk focus method to evaluate potential risks. Once a risk is identified and measured in terms of frequency and severity, we decide whether the risk should be transferred (either to an insurance company or to another party) or whether we should assume the risk in light of preventive measures available to us. It is a customary practice that local insurers transfer to foreign reinsurers a determined percentage of the risks insured through their respective policies, due to the high value of said insured risks.

Legal and Administrative Proceedings

We are party to various legal proceedings in the ordinary course of our business. Other than as disclosed in this listing memorandum, we are not currently involved in any litigation or arbitration proceedings, including any proceedings that are pending or threatened of which we are aware, that we believe will materially adversely affect us. Other legal proceedings that are pending against or involving us, including several tax proceedings before Colombian tax authorities and courts, are routine in nature to the conduct of our business. See "Risk Factors—Risks Relating to Our Business and Industry—We may incur losses and spend time and money defending pending lawsuits and arbitrations." For more information on legal proceedings, see Note 19 to our audited financial statements and Note 19 to our unaudited financial statements.

As of March 31, 2020, we were a party to 15 tax proceedings as plaintiff, three other administrative proceedings as plaintiff and 16 other administrative proceedings as defendant (which include nine constitutional actions for the protection of collective rights, or *acciones populares*). We were also a party to five civil proceedings as plaintiff and 13 as defendant before Colombian courts. We have established provisions of U.S.$3.75 million for legal claims, U.S.$2.66 million for administrative actions in which we are plaintiffs and, U.S.$1.09 million for a civil proceeding in which we are defendant. We also participate in two pending claims for the protection of fundamental constitutional rights (*acción de tutela*), in 87 proceedings regarding easement rights in which we were enjoined, two claims that are not considered to be legal proceedings (but could be in the future) in addition to certain administrative investigations.

As of March 31, 2020, we provisioned a total aggregate amount of U.S.$3.75 million for legal claims, of which U.S.$1.09 million was related to a civil claim initiated against us and U.S.$2.66 million was related to two administrative claims initiated by us. As noted below, we are unable to determine the amount involved in certain of our legal proceedings given their nature and/or current stage.

The following is a summary of certain material legal proceedings brought against us as of the date of this listing memorandum.

Constitutional Action Proceedings

As indicated above, we are party to various constitutional actions for the protection of collective rights.

We are a defendant in a constitutional action initiated against us, Ecopetrol and Oleoducto de Colombia , by Alberto Jiménez. The plaintiff requests the protection of several collective rights allegedly violated by the defendants, specifically, the right to (1) security, (2) public health, (3) prevention of disasters, and (4) construction of buildings and facilities in compliance with applicable regulations. Pursuant to the complaint, the plaintiff requests that (1) the defendants be ordered to submit a proposal to the owners of these lands (located within a 250 meter radius of the limits of Caño Limón-Coveñas pipeline terminal) in order to acquire their land and (2) the relevant area be declared a danger zone in order to prevent its future habitation. A settlement hearing (*audiencia de pacto de cumplimiento*) is currently pending in this proceeding, which is currently in the initial stage prior to the gathering of evidence. Our outside counsel has advised that it is currently not possible to determine the probability of an adverse judgment to the Company, or the amount of the possible award. Given the nature of the action and its regulation under Colombian law these types of claims are not subject to statutory limits and as such a judge's discretion is not limited by law and the ruling may order the defendants to take any action that the judge finds pertinent to protect collective rights. Accordingly, we have not established a provision for this proceeding.

We are co-defendant with Ecopetrol in certain class actions initiated by Alvaro Berrio de Hoyos, John Jairo Rendón and others. The plaintiffs seek the recovery of alleged environmental and personal damages resulting from crude oil spills which occurred in July and August 2014. The amount of the claims calculated by the claimants is approximately U.S.$3.6 billion.

Taking into account that most evidence in the case is still pending, the defendants' lawyer has assessed that the possibility that the Administrative Tribunal (i) recognizes the plaintiffs' claims as possible and, (ii) orders the defendants to pay the full amount of the claims as remote. Therefore, we have not established a provision for these class actions.

Administrative proceedings

Action for annulment of tariff regulation

We are an intervener (*parte coadyuvante*) to the annulment action filed in 2019 against the pipelines' tariff regulations that have been in place since 2010 when issued by the MME. The plantiffs claim that the MME has exceeded its statutory powers on setting the tariffs for pipelines eyond the limits established in the Colombian Petroleum Code. The plaintiffs also argue that the tariff regulations grant unreasonable profits to pipelines, as plaintiffs further argue that the methodology enables pipeline companies to gain excessive returns over initial investments.

We joined the MME to the litigation in defense of the regulation. The main arguments in support of the tariff regulations are that the Colombian Petroleum Code empowers the MME to review and regulate both the tariffs for pipelines, as well as the methodology to set such tariffs. Moreover, the regulation seeks to ensure that pipeline companies gain reasonable returns over the market value of investments. As such, on September 19, 2019, we filed our opposition to the plaintiff's request for provisional measures. On December 13, 2019, the Council of State denied the plaintiff's request for provisional measures. Afterwards, on December 18, 2019, the plaintiff filed an amendment to its action for annulment, which is currently under the review of the Council of State.

Proceedings against the Ministry of the Environment and Sustainable Development related to environmental matters

We are plaintiffs in two different proceedings before the administrative jurisdiction against the Colombian Government acting through the Ministry of Environment and Sustainable Development, in which we seek the annulment of certain resolutions issued by this regulatory agency. We are seeking that Resolutions 431 of 2009, 2913 and 4034 of 2011, by which the Ministry of Environment and Sustainable Development and the ANLA rejected some investments in benefit of the water basins located around the pipeline's area of influence, be declared void. In both proceedings, the first ruling favored the ANLA and, we appealed. The Council of State decision on the appeal is pending in both cases.

These resolutions pertain to our obligation to contribute 1% of the capital invested for material projects along the Ocensa Pipeline (including expansions and improvements) in connection with which we use water from natural sources in order to recover and preserve hydrographic basins.

We have consistently argued that we have complied with this obligation with respect to both of our environmental licenses. The Ministry of the Environment and Sustainable Development did not recognize our compliance and issued the Resolutions. We are currently awaiting a determination of the court of second instance in these proceedings and have provisioned the estimated resources to comply with the obligation to contribute 1% of capital invested. On June 2018, we applied to a temporary regime granted by law and voluntarily submitted an investment plan to comply with the obligation to contribute 1% of the capital invested, and the ANLA approved it. According to the investment plan approved, we will comply with this obligation within the next 4 years.

As of March 31, 2020, our aggregate provision totaled U.S.$2.1 million.

Administrative inquiries initiated by the Superintendence of Ports and Transportation and Capitanía de Puerto de Coveñas

The Superintendence of Ports and Transportation and the Capitania de Puerto de Coveñas initiated ex officio investigations in connection with crude oil spills occurred on October 21, 2017, in the Gulf of Morrosquillo. The investigations will determine whether we are responsible for the spills and the alleged damages sought by members of the community. If the Captaincy and the Superintendence of Ports and Transportation find that we breached any applicable law for marine operation, it may impose sanctions on us. The investigations are in the evidentiary stage.

Environmental authorities may also initiate environmental sanction investigations in connection with the crude oil spills that occurred on July 20, 2014 and October 21, 2017. These investigations may entail the imposition of sanctions such as: (i) daily fines of up to 5,000 times the monthly legal minimum wage; (ii) suspension of related activities; and/or (iii) revocation or termination of environmental licenses, permits or authorizations.

Other environmental investigations

We are the subject of seven ongoing environmental investigations in which the relevant environmental authorities pursue to determine whether Ocensa breached applicable environmental regulations and, consequently, decide to impose sanctions, including fines. These environmental sanctions could range from the imposition of daily fines up to 5,000 times the monthly legal minimum wage, to the suspension of activities or the revocation or termination of environmental licenses, permits or authorizations held by us and required to operate our business. Additionally, in the event we are considered an environmental infringer, such designation will be listed in the Unique Environmental Infringers Registry-RUIA, which may cause reputational damage to us. These sanctions are applied without prejudice to the relevant civil, criminal or disciplinary actions.

Other legal proceedings

Actions for annulment and restoration of rights against the DIAN to be submitted *(Acción de nulidad y restablecimiento del derecho)*.

In April 2018, we received a special requirement (*requerimiento especial*) from the DIAN regarding the 2015 tax payment. We provided detailed information regarding the tax statement and payment. In January 2020, the DIAN resolved the requirement and rejected our arguments related to import of heavy equipment and issued an official liquidation of taxes for 2015, ordering us to pay additional taxes and sanctions of U.S.$1.8 million. We will initiate an action for annulment and restoration of rights against the 2015 DIAN official liquidation of taxes.

The DIAN has considered that we are responsible for a Special Contribution for Public Works Contracts and a stamp tax for the National University and it issued official liquidations for eight contracts executed by us. The amount of these official liquidations is approximately U.S.$1.4 million. We are preparing an action for annulment against these DIAN official liquidations.

Action for annulment and restoration of rights (Acción de nulidad y restablecimiento del derecho) initiated by us against Superintendence of Ports and Transportation

We are seeking the reversal of an award from the Superintendence of Ports and Transportation regarding a payment of a surveillance contribution be declared void and the reimbursement of the corresponding payments made in 2001. The amount of the claim is approximately U.S.$ 0.7 million. The Council of State decision is pending.

Arbitration proceedings

Currently, we are party to three arbitration proceedings related to contractual disputes, against Tecnitanques Ingenieros S.A.S., Frontera Energy Colombia Cor. Sucursal Colombia and, Frontera Energy Corporation. The estimated amount of the claims in each case is less than U.S.$4 million.

Artbitration tribunal initiated by us against Equion Energia Limited and Santiago Oil Company

On February 18, 2019, the arbitration tribunal issued an award and declared that (i) Equion and Santiago were obliged to restore to us the line fill barrels, at US $93.17 per barrel, plus indexation and moratorium interest; (ii) Equion and Santiago in bad faith failed to comply with the transportation contracts by ignoring the existence of the negative balance and refusing to return it; and, (iii) Equion and Santiago must pay to us approximately U.S.$76.1 million (U.S.$50.7 million capital plus U.S.$24.7 million interest and, court costs U.S.$0.6 million). On March 26, 2019, we received payment from Equion and Santiago and the income was recognized as of March 31, 2019.

After the arbitration and the payment, Equion and Santiago filed an extraordinary appeal for annulment of the arbitral award and, on May 9, 2019, we filed a response opposing this extraordinary request. The decision of the Council of State on the extraordinary appeal for annulment is currently pending.

MANAGEMENT

We are managed by a board of directors whose members are selected by our shareholders. Our executive officers are responsible for the day-to-day operation of our business.

Board of Directors

We are managed by a board of directors consisting of five members, each having one alternate. Our board of directors determines the guidelines and general policies of our business, including our long-term strategies. Our board of directors also nominates and designates our executive officers. The business address of our board of directors is the same as ours, Carrera 11, No. 84-09, 10th floor, Bogotá D.C., Colombia.

In accordance with our shareholders' agreement, our shareholders nominate our board members in the following proportion: (1) Cenit may appoint three members of our board of directors, two of which must be independent members pursuant to criteria set forth in Article 44 of Law 964 of 2005; and (2) our minority shareholders may nominate two members.

A qualified majority of at least four out of five board members is required to approve certain decisions, including but not limited to, our business plan and any amendments thereto, projects involving amounts higher than U.S.$100 million, transactions involving amounts higher than U.S.$500,000 to be carried out between us and any shareholder or any affiliate thereof (except for transactions related to services rendered by us and based on regulated tariffs), our involvement in new lines of business that are substantially different from our current activities and are not contained in our business plan and the issuance and placement of shares and other securities below fair market value.

The current members of our board of directors were elected by our shareholders at various meetings held between 2014 and 2020 and will serve indefinitely until otherwise determined at a shareholders' meeting or upon resignation.

Name	Age	Position	Professional Experience
Hector Manosalva	58	Member	35
David Yanovich	50	Independent Member	20
Juan Guillermo Serna	65	Independent Member	38
Maximiliano Graña	36	Member	10
Chucri Hjeily	37	Member	13
Alternates:			
Ana Milena López	39	Alternate Member	15
Ernesto Fajardo Pinto	55	Alternate Independent Member	30
Mauricio Reina	57	Alternate Independent Member	34
Marco Aurelio Peschiera Fernández	48	Alternate Member	24
Maurizio Arbulú Canepa	29	Alternate Member	9

Biographical Information

The following is a summary of the business experience and education of the current members of our board of directors.

Members

Hector Manosalva. Mr. Manosalva has been a member of our board of directors, nominated by Cenit, since March 2019. He has over 35 years of experience in oil and gas. Mr. Manosalva currently serves as Chairman of Cenit, and has served in various positions at Ecopetrol including Vice President of Exploration and Production and

Vice President of Development and Production. Mr. Manosalva holds a degree in Petroleum Engineering from Universidad de América (Colombia) and postgraduate studies in Finance and Executive Management.

David Yanovich. Mr. Yanovich has been an independent member of our board of directors, nominated by Cenit, since March 4, 2015. He has over 20 years of experience in the power and energy sectors. Mr. Yanovich currently serves as President and Partner of Cerrito Capital S.A.S. and he currently serves on the board of directors of Celsia S.A., one of Colombia´s largest publicly traded utilities, and Unimed Pharmaceuticals, a Malta based pharma corporation with operations in Latin America. Previously, he served as Chief Executive Officer of Colgener and served on the board of directors of ODL, OBC and Credifamilia. He has also served as an investment banker at Corporación Financiera del Valle. Mr. Yanovich holds a degree in Industrial Engineering from the Universidad de los Andes and a master's degree in Economics from the London School of Economics.

Juan Guillermo Serna. Mr. Serna has been an independent member of our board of directors, nominated by Cenit, since January 17, 2013. He has 35 years of professional experience holding various positions within the public and private sector. He currently serves on the boards of directors of Avianca Holdings, Inversiones GLP and Plexa S.A. Notable positions previously held by Mr. Serna include President of Organización Terpel S.A., Director of the Colombian Financial Institution's Guarantee Fund (*Fondo de Garantías para las Instituciones Financieras*), member of the President of Colombia's Economic Committee, Vice President of Organización Corona S.A., Director of Colombia's Budgetary Office, Auditor for the Colombian Coffee Growers Federation and General Secretary of Colombian Securities and Exchange Commission. Mr. Serna holds bachelor's degrees in Business Administration and Economics, and a master's degree in Economics, each from the Universidad Nacional de Colombia.

Maximiliano Graña. Mr. Graña has been a member of our board of directors, nominated by AI Candelaria SL, since February, 2020. He has over 10 years of experience in banking and mergers and acquisitions. Mr. Graña currently serves as Director, Head of Mergers and Acquisitions in the Grupo Romero Investment Office and previously worked as Vice President in investment banking at Credit Suisse. Mr. Graña holds a degree in Business Administration from the University of West Florida and a master's degree in Business Administration from NYU's Stern School of Business.

Chucri Hjeily. Mr. Hjeily has been a member of our board of directors, nominated by AI Candelaria, since February 2020. He has over 13 years of experience in portfolio management in various industries including power generation, gas distribution, toll roads, among others. Mr. Hjeily currently serves as Principal of I Squared Capital and previously served as Vice President of investments at Global Infrastructure Partners. Mr. Hjeily holds a bachelor's degrees in Computer Science and Commerce from the University of Washington in Seattle and a master's degree in Business Administration from the Wharton School at the University of Pennsylvania.

Alternates

Ana Milena López. Ms. López has been an alternate member of our board of directors for Héctor Manosalva, nominated by Cenit, since 2018. Ms. López has a wide experience in capital markets, has worked as Vice President of Emerging Markets at JP Morgan, as well as positions in the Colombian Government in the Public Credit Department. Ms. López holds a degree in Economics from Harvard University and a master's degree in Finance from Columbia Business School.

Ernesto Fajardo Pinto. Mr. Fajardo has been an alternate independent member of our board of directors for Juan Guillermo Serna Valencia, an independent member nominated by Cenit, since January 2013. He has over 30 years of experience and is currently the Chief Executive Officer of Alpina Productos Alimenticios S.A. He previously worked for Monsanto Company and he was the President of Inversiones Mundial S.A. from September 2009 until December 2012. Mr. Fajardo holds a bachelor's degree in Business Administration from Colegio Mayor de Nuestra Señora del Rosario and a master's degree in Business Administration from the Washington University in St. Louis.

Mauricio Reina. Mr. Reina has been an alternate independent member of our board of directors for David Yanovich, nominated by Cenit, since 2014. Mr. Reina serves on the board of directors of Nutresa S.A. and has served as Vice Minister of Foreign Trade, Subdirector at Fedesarrollo, and is a recognized speaker in economics.

Mr. Reina holds a bachelor's degree in Economics and a master's degree in Economics from Universidad de los Andes (Colombia) and a master's degree in International Relations from John Hopkins University.

Marco Aurelio Peschiera Fernández. Mr. Fernández has been an alternate member of our board of directors for Maximiliano Graña, nominated by AI Candelaria, since February 2020. He has over 24 years of experience in investment portfolio management. Mr. Fernández currently serves as Chief Executive Officer at the Grupo Romero Investment Office and previously worked as Managing Director at The Carlyle Group. He is member of the board of directors of Alicorp, Primax S.A. and Tramarsa – Maritime. Mr. Fernández holds a master's degree in Business Administration from The Wharton School at the University of Pennsylvania.

Maurizio Arbulú Canepa. Mr. Canepa has been an alternate member of our board of directors for Chucri Hjeily, nominated by AI Candelaria, since February 2020. He has over nine years of experience in investment banking. Mr. Canepa currently serves as Senior Associate at I Squared Capital and has previously worked at Credit Suisse, Nexus Group S.A and Citibank. Mr. Canepa holds a bachelor's degree in Business Administration and Finance from Universidad del Pacifico (Peru) and a master's degree in Management and Organization from Toulouse Business School.

Advisory Committees

Audit committee

The audit committee was created by our board of directors on March 18, 2013 through the merger of our former financial committee and audit committee. The main duties of this committee are (1) to review our financial situation and provide recommendations to our board of directors relating to the approval of budgets, financial statements, insurance programs and (2) to develop an annual audit plan to monitor our compliance with our obligations under our contractual agreements (including covenants), internal procedures and any controls we have implemented to promote transparency. This committee also (1) monitors our financial condition, investments, strategies for funding or financing projects, our risk policies and our hedging strategies, and (2) reviews and suggests approval of any significant change in our accounting policies or any relevant tax matters.

The following table sets forth the current composition of our financial and audit committee.

Name	Age	Position	Professional Experience
David Yanovich	50	Member Board of Directors	20
Juan Guillermo Serna Valencia	65	Member Board of Directors	38
Maximiliano Graña	36	Member Board of Directors	10
Ana Milena López	39	Member Board of Directors	15
Maurizio Arbulú	29	Member Board of Directors	9

Compensation committee

This committee is responsible for drafting and providing recommendations to our board of directors regarding our compensation policy, including salary increases and performance bonuses, pursuant to which we aim to provide competitive compensation within our industry and promote internal equality. This committee is also responsible for evaluating the performance of our senior management and providing recommendations to our board of directors regarding the approval and appointment of qualified individuals. The Compensation Committee also monitors the results of, and any action plans implemented in connection with, the "*Great Place to Work*" employee survey.

The following table sets forth the current composition of our compensations committee.

Name	Age	Position	Professional Experience

Hector Manosalva	58	Member	35
David Yanovich	50	Member	20
Juan Guillermo Serna Valencia	65	Member	38
Maximiliano Graña	36	Member	10
Chucri Hjeily	37	Member	13
Ana Milena López	39	Alternate Member	15
Ricardo Mauricio Reina	57	Alternate Member	34
Ernesto Fajardo Pinto	55	Alternate Member	30
Marco Aurelio Peschiera	48	Alternate Member	24
Maurizio Arbulú	29	Alternate Member	9

Executive Officers

Our executive officers are responsible for executing our guidelines and general policies, including our long-term strategies established by our Board of Directors, and for managing our day-to-day operations.

Our current executive officers were appointed on the dates below and will serve for an indefinite term.

Name	Age	Position	Professional Experience	Appointed on
Alexander Cadena	49	Chief Executive Officer	25+	March 2020
Leonardo Alcala	55	Audit Director	25+	January 2018
Luis Carlos Gaitan...............	56	Compliance & Risk Director	25+	November 2018
Rosemery Carrillo	40	Chief Financial Officer	19	May 2016
Adriana Londoño.................	45	General Counsel	21	October 2017
Camilo Dominguez..............	43	Integral Responsibility Director ad hoc	16	
Maria Fernanda Tamayo.......	51	Human Resources Director	25+	September 2016
Hernán Bedoya	61	Operations Director	25+	November 2009
Carlos Vergara.....................	54	Supply Chain Director ad hoc	25+	December 2019

Alexander Cadena. Mr. Cadena has been our Chief Executive Officer since March 2020. He has over 25 years of experience in the oil and gas industry and a number of distinguished positions at different companies within Ecopetrol's Corporate Group. Mr. Cadena holds a bachelor's degree, cum laude, in Chemical Engineering and a master's degree in Business Administration from Universidad Externado de Colombia

Leonardo Alcala. Mr. Acala has been our Audit Director since 2017. He has over 25 years of experience as an auditor. Mr. Alcala held a number of distinguished positions at Gran Tierra and Deloitte prior to joining us. He holds is a CPA from Universidad Católica de Venezuela and a master's degree in Business Administration from Australian Catholic University (ACU).

Luis Carlos Gaitan. Mr. Gaitan has been our Compliance and Risk Director since November 2018. He has over 25 years of experience in industrial materials and hydrocarbons. Mr. Gaitan held a number of distinguished positions at General Motors prior to joining us in 2018. He holds a bachelor's degree in Economics from Universidad la Gran Colombia and postgraduate diploma in Finance Management from Universidad de la Salle.

Rosemery Carrillo. Ms. Carrillo has been our Chief Financial Officer since May 2016. She has over 19 years of financial experience, having begun her career as a senior financial analyst at BP. She has broad industry experience, having held positions in Colombia, the United Kingdom and the United States. Ms. Carrillo holds a bachelor's degree in Industrial Engineering from the Universidad de los Andes and a master's degree in Business Administration from the Kellogg School of Management at Northwestern University.

Adriana Londoño. Ms. Londoño has been our General Counsel since October 2017. She has over 21 years of experience in legal matters, having previously served as the General Counsel of Cenit from December 2012 to

September 2017. Ms. Londoño has advised multinational and national companies in fields of commercial, corporate and environmental law, with an emphasis on contractual and regulatory matters. Ms. Londoño holds a law degree from the Colegio Mayor Nuestra Señora del Rosario, and a postgraduate certificate in Law and Management from Yale University.

Camilo Dominguez. Mr. Dominguez has been our Integral Responsibility Director since 2019. He has over 16 years of experience. Mr. Dominguez held a number of distinguished positions at UNICEF, ICBF and Fundación Telefónica prior to joining us. He holds a bachelor's degree in Economics and Anthropology from the Universidad de los Andes and a master's degree in Public Policy and Administration from the London School of Economics and Political Science.

Maria Fernanda Tamayo. Ms. Tamayo has been our Human Resources Director since September 2016. She has over 25 years of experience. Ms. Tamayo held a number of distinguished positions at Equion Energia, Emerald Energy and Vetra Exploracion y Producción prior to joining us. She holds a bachelor's degree in Social Work from Universidad de la Salle and pursued post graduate studies in Human Resources Management from Universidad Externado de Colombia.

***Hernán Bedoya**.* Mr. Bedoya has been our Transportation and Assets Director since November 2009. He has over 25 years of experience in the crude oil transportation industry with Ecopetrol, where Mr. Bedoya held several positions in the crude oil transportation value chain. Mr. Bedoya holds a degree in Industrial Engineering from the Universidad de Antioquia, in Colombia, and postgraduate degrees in the crude oil and gas management field, including master's degree in Business Administration from the Universidad Sergio Arboleda.

Corporate Governance Code

On October 22, 2013, our board of directors adopted our code of corporate governance, which is applicable to our management, employees, and shareholders. Our corporate governance code contains rules governing our board of directors and shareholders' meetings, composition of our board, compensation of executive officers, internal controls, risk management, committees of our board of directors, conflicts of interest and social responsibility, among other matters. The code of corporate governance was updated on May 19, 2020.

Compensation

In 2019, 2018 and 2017, the aggregate salary compensation paid to our executive officers totaled U.S.$1,804,744, U.S.$ 2,350,436, and U.S.$2,206,957, respectively, and the aggregate compensation paid to our board of directors in 2019 totaled U.S.$118,118, U.S.$146,924 in 2018 and U.S.$144,716 in 2017.

Pursuant to the general meeting of our shareholders held on January 13, 2013, the compensation of our board of directors was established at four times the monthly legal minimum wage in Colombia (currently U.S.$227.60) per meeting attended. As such, in accordance with our operational budget for 2020, the aggregate compensation for our board of directors is anticipated to total U.S.$153,935.

PRINCIPAL SHAREHOLDERS

The following table sets forth information concerning the ownership of our capital stock as of March 31, 2020 by our controlling shareholders. Our controlling shareholders have the overall power to control us, including the power to establish our management policy.

	Common Shares	
Shareholders	**Number of Shares**	**% of Total**
Cenit(1)	3,747,910	72.648%
ISQ Global Infrastructure Fund II /Grupo Romero(2)(3)	1,153,140	22.352%
Darby Colpatria Capital (4)(5)	257,950	5.00%
Total	**5,159,000**	**100%**

(1) A wholly-owned subsidiary of Ecopetrol, the Colombian national crude oil and gas company and Colombia's largest producer of crude oil and gas.
(2) A joint venture formed by ISQ Global Infrastructure Fund II /Grupo Romero
(3) Shares held indirectly by joint venture formed by ISQ Global Infrastructure Fund II /Grupo Romero
(4) A private equity investment vehicle of Franklin Templeton.
(5) Shares held indirectly by Darby Colpatria Capital through a shareholding trust.

Shareholders' Agreement

Our shareholders' agreement contains corporate governance provisions establishing the relationship among our shareholders and our company, including in respect of the following matters:

Qualified Majorities in Shareholders' Meetings

Pursuant to our shareholders' agreement, the following decisions must be approved by a majority of our shareholders that (1) comprises Cenit (or any of its affiliates) and at least one additional shareholder, and (2) represents at least 90.1 % of our total outstanding shares:

- approve that a particular issuance of shares, of any class, be offered and traded without being subject to preferential rights;
- create or issue any shares other than common shares;
- approve the creation of temporary reserves for an amount equal to or higher than 10% of the net profits;
- approve any profit distribution other than 100% of available distributable earnings;
- declare the payment of dividends in the form of paid-in shares of any class, or in kind;
- approve amendments to our by-laws seeking to: (1) modify our corporate purpose; (2) modify our dividends distribution policy; (3) include in our by-laws the preferential right in the negotiation of shares or establish any restriction to the free marketability of shares; (4) declare our voluntary wind-up, merger, spin-off or dissolution; (5) modify the number of members composing the Board of Directors or any of the qualifying majorities to adopt decisions in the shareholders' meeting or in the Board of Directors, as provided in the shareholders' agreement and the by-laws; or (6) modify any of the qualifying majorities set out in the shareholders' agreement;
- approve listing our shares on a stock exchange and the corresponding initial public offering; and
- approve repurchasing any of our outstanding shares.

Pursuant to our shareholders' agreement, the following decisions must be approved by a majority of our shareholders that (1) comprises Cenit (or any of its affiliates) and at least one additional shareholder, and (2) represents at least 85% of our total outstanding shares:

- create reserves under the corporate by-laws; and
- transfer or sell any of our assets which are worth at least U.S.$50 million.

Moreover, our issuance of shares representing our capital stock must be approved by a majority of our shareholders that (1) comprises Cenit (or any of its affiliates) and at least one additional shareholder, and (2) represents at least 80% of our total outstanding shares.

The following decisions must be approved by a majority of our shareholders comprising the greater of (1) Cenit (or any of its affiliates) and at least one additional shareholder, or (2) more than 50% our total outstanding shares:

- amend our by-laws for purposes of changing the legal entity under which we were incorporated;
- transfer any of our assets with a market price equal to or greater than U.S.$25 million but less than U.S.$50 million;
- approve any public offering of securities issued or secured by us, other than the listing and initial public offering of our shares on a stock exchange;
- approve the valuation of in-kind contributions to us;
- approve temporary reserves of an amount lower than 10% of net profits; and
- approve amendments to an agenda of a special shareholders' meetings.

Board of Directors

Appointment and qualified majorities

In accordance with our shareholders' agreement, our shareholders nominate and appoint our board members in the following proportion: (1) Cenit may nominate three members of our board of directors, two of which must be independent members pursuant to criteria set forth in Article 44 of Law 964 of 2005; and (2) our minority shareholders may together nominate two members total.

Pursuant to our shareholders' agreement a qualified majority of at least four of our five board members is required to:

- approve our business plan and any amendments thereto;
- approve projects that involve amounts greater than U.S.$100 million (other than the Delta 35 expansion project);
- approve our corporate governance code and any amendments thereto;
- delegate any capacities of the board to any of its members or to any other person;
- approve the regulation for issuing and placing any of our shares or other securities for a price lesser than the fair market value;

- approve transactions involving amounts higher than U.S.$500 thousand to be carried out between us and any shareholder or any affiliate thereof (except for transactions related to services rendered by us and based on regulated tariffs);

- approve any amendments to our transporter's manual or to the regulations governing operating or technical conditions at our terminal at the Port of Coveñas; and

- approve our involvement in new lines of business that are substantially different from our current activities and that are not contemplated in our current business plan.

Dividends Policy

Pursuant to our shareholders' agreement and bylaws, we must prepare financial statements at June 30 and December 31 of each year and, if applicable, we distribute as dividends to our shareholders any liquid revenues that are available after funding any applicable reserves, unless otherwise instructed by our shareholders at a shareholders' meeting.

Tag Along Rights

Subject to certain conditions stipulated in our shareholders' agreement, our shareholders are entitled to tag along rights in the event a current shareholder or a third party acquires a controlling interest in our capital stock.

Term

In accordance with its terms, our shareholders' agreement is valid and binding until the registration of our shares on the Colombian national registry for securities and issuers and the listing of our shares on the Colombian stock exchange in connection with an initial public offering.

Moreover, if as a result of a transfer of our shares by any of our shareholders, we cease to have a majority shareholder, our then existing shareholders must renegotiate our shareholders' agreement to ensure its functionality under the new ownership structure.

For additional information regarding the provisions of our shareholders' agreement governing our crude oil transport operations, see "Business—Material Agreements—Shareholders' Agreement."

RELATED-PARTY TRANSACTIONS

We enter into related-party transactions in the ordinary course of our business, including services agreements, supply agreements, non-disclosure agreements, lease agreements, transportation agreements, and construction, operation and maintenance agreements among others. Colombian law sets forth certain restrictions and limitations on transactions with certain related parties, including directors and senior management, as well as transactions with subsidiaries and affiliates. Specifically, the Colombian Commercial Code, as amended by Law 222 of 1995, establishes, among other requirements, that: (1) subsidiaries must carry out their activities independently and with administrative autonomy; (2) transactions between a parent company and its subsidiaries or affiliates must be of a real nature and may not differ considerably from standard market conditions, nor be detrimental to shareholders or third parties; (3) subsidiaries may not acquire any shares issued by their parent company; and (4) no transaction may be carried out between a parent company and its subsidiaries if a conflict of interest arises as a result of the transaction.

We believe that we have complied and are in compliance in all material respects with these requirements given that our transactions are carried out on an arms'-length basis and under terms and conditions equivalent to those that we would enter into with third parties.

Our principal transactions with related parties consist of:

- transportation agreements with Ecopetrol, see "Business Material Agreements";
- agreements for the assignment of transport from Ecopetrol to Hocol;
- unloading agreements with Ecopetrol, see "Business—Material Agreements;"
- our shareholders' agreements, see "Business—Material Agreements;"
- A water transportation agreement with Ecopetrol and Equión, pursuant to which we transport the water delivered by Ecopetrol at Cupiagua and we deliver it to Equión at Cusiana;
- tank operation and maintenance agreement entered into with OBC;
- lease tanks agreement entered into with OBC;
- Cusiana facilities operation and maintenance entered into with ODL.;
- dilution strategic alliance with ODL;
- collaboration agreement to regulate the maintenance of the shared right of way between us and Oleoducto de Colombia;
- tripartite collaboration agreement for maintenance of the shared right of way between us, Transportadora de Gas Internacional S.A. ESP and Cenit;
- collaboration agreement for security maintenance in terminal Coveñas entered into with Oleoducto de Colombia and Cenit;
- agreement entered into with Cenit for our use of a portion of the dock at the Port of Coveñas' maritime terminal;
- Vasconia station interconnection agreement entered into with Cenit.

- TLU-3 collaboration agreement for the use of the tanker truck loading units at the Coveñas Terminal entered into with Ecopetrol, Cenit and Oleoducto de Colombia;
- gas supply agreements executed with Ecopetrol;
- collaboration agreement entered into with Ecopetrol, pursuant to which both we and Ecopetrol permit the other party to use certain equipment and facilities in order to facilitate our respective operations;
- operation and maintenance agreement with Ecopetrol, dated December 1999 for the Porvenir, Miraflores and Vasconia pumping stations;
- lease assets agreement at Caucasia, Vasconia and Coveñas stations entered into with Oleoducto de Colombia;
- indemnity agreement in connection with the operational incident on November 10, 2017 by Hocol due to the cleanliness of the Pipeline Ocelote-Palmeras (Reimbursable Expenses to Ocensa); and
- collaboration agreement entered into with Cenit for temporary assignment of workers between companies.

The table below sets forth our revenue and costs derived from related-party transactions for the three-month periods ended March 31, 2020 and 2019 and for the years ended December 31, 2019, 2018 and 2017.

	For the three-month period ended March 31,		**For the year ended December 31,**		
	2020	**2019**	**2019**	**2018**	**2017**
Income Statement Data:	*(in millions of U.S.$)*				
Revenue (refunds):					
Ecopetrol S.A.	294.62	283.24	1,197.47	1,054.05	1,019.41
Cenit Transporte y Logística de Hidrocarburos S.A.S.	0.00	-	0.05	0.06	0.33
Hocol S.A.	7.90	6.17	28.76	10.85	0.06
Oleoducto de Colombia S.A.	0.00	-	0.06	0.10	0.08
Oleoducto de Los Llanos Orientales	0.91	1.14	4.50	4.48	3.60
Oleoducto Bicentenario de Colombia S.A.S.	0.26	0.31	1.26	1.27	1.24
Total revenue	**303.69**	**290.86**	**1,232.10**	**1,070.81**	**1,024.72**
Administrative and operating costs (1):					
Ecopetrol S.A.	2.01	2.79	7.70	9.15	9.46
Cenit Transporte y Logística de Hidrocarburos S.A.S.	0.21	0.14	0.60	0.53	0.43
Hocol S.A.	-	-	-	-	-
Oleoducto de Colombia S.A.	0.25	0.33	1.05	1.13	1.09

Oleoducto de Los Llanos Orientales	-	-	-	-	-
Oleoducto Bicentenario de Colombia S.A.S.	-	-	-	3,87	3,58
Total administrative and operating costs	**2.46**	**3.26**	**9.35**	**14.67**	**14.55**
Total	**301.24**	**287.60**	**1,222.**	**1,056.14**	**1,010.16**

(1) Administrative and operating costs are related to fees, technical assistance and administrative services provided to us by related parties as well as assets that we lease from related parties.

The table below sets forth the balances of our accounts receivable and payable with related parties as of the dates indicated.

	As of March 31,		As of December 31,		
	2020	**2019**	**2019**	**2018**	**2017**
Balance Sheet Data:	*(in millions of U.S.$)*				
Receivables:					
Ecopetrol S.A.	102.89	123.18	123.50	134.36	145.58
Cenit Transporte y Logística de Hidrocarburos S.A.S.	0.16	0.03	0.14	0.16	0.97
Hocol S.A.	2.80	2.45	2.59	2.27	0.20
Oleoducto de Colombia S.A.	0.13	0.35	0.29	0.30	0.46
Oleoducto de Los Llanos Orientales	0.59	0.75	0.70	1.14	1.44
Oleoducto Bicentenario de Colombia S.A.S.	0.33	1.49	0.43	1.30	0.70
Total receiveables	**106.90**	**128.25**	**127.65**	**139.53**	**149.35**
Accounts payable to suppliers (1):					
Ecopetrol S.A.	2.45	4.47	7.56	4.32	4.93
Cenit Transporte y Logística de Hidrocarburos S.A.S.	0.26	0.20	0.21	0.10	0.42
Oleoducto de Colombia S.A.	0.28	0.18	0.20	0.14	0.12
Oleoducto Bicentenario de Colombia S.A.S.	0.13	0.25	0.45	0.57	0.32
Hocol S.A.	-	-	-	-	0.07
Total accounts payable to suppliers	**3.11**	**5.10**	**8.42**	**5.13**	**5.86**

For additional information regarding our related-party transactions, see Note 27 to our audited financial statements and Note 27 to our unaudited financial statements.

DESCRIPTION OF THE NOTES

The notes are to be issued under an indenture, dated as of July 14, 2020, as amended or supplemented, which we collectively call the indenture, between Oleoducto Central S.A. ("Ocensa"), as issuer, and The Bank of New York Mellon, as trustee (the "trustee"), registrar, paying agent and transfer agent. The following summary of certain provisions of the indenture and the notes does not purport to be complete and is subject to, and qualified in its entirety by, reference to the provisions of the indenture, including the definitions of certain terms contained in the indenture. Capitalized terms not defined in this section of the listing memorandum have meanings as set forth in the indenture. For a description of restrictions on the transfer of the notes, see "Notice to Investors". Copies of the indenture are available at Ocensa's principal executive offices, as well as at the offices of the trustee in New York City.

General

The indenture does not limit the aggregate principal amount of senior debt securities which may be issued under the indenture and provides that Ocensa may issue senior debt securities from time to time in one or more series. The senior debt securities which Ocensa may issue under the indenture, including the notes, are collectively referred to in this listing memorandum as the "senior notes".

The 4.000% notes due 2027, which are referred to in this listing memorandum as the "notes", will constitute a single series of senior notes under the indenture. The notes will be senior, unsecured and unsubordinated obligations of Ocensa. The notes are initially being issued in an aggregate principal amount of U.S.$500,000,000. Ocensa may "reopen" the note series and issue additional notes of the same series; *provided* that if the additional notes are not fungible with the notes for U.S. federal income tax purposes, the additional notes will have a separate CUSIP number, ISIN and common code.

The notes will bear interest at the rate per annum shown above from the date of original issuance or from the most recent date to which interest has been paid or duly provided for, payable semiannually on January 14 and July 14 of each year, each of which is referred to in this listing memorandum as an "interest payment date", commencing on January 14, 2021 to the persons in whose names the notes are registered at the close of business on the fifteenth calendar day preceding the interest payment date. Interest payable at maturity will be payable to the person to whom principal will be payable on that date. Interest on the notes will be calculated on the basis of a 360-day year of twelve 30-day months. Ocensa will pay to holders 100% of the principal amount of the notes outstanding on the maturity date. The maturity date for the notes is July 14, 2027. If any interest payment date or maturity date would be otherwise a day that is not a business day, the related payment of principal and interest will be made on the next succeeding business day as if it were made on the date the payment was due, and no interest will accrue on the amounts so payable for the period from and after the interest payment date or the maturity date, as the case may be, to the next succeeding business day. A "business day" means a day other than a Saturday, Sunday or other day on which banking institutions in New York, New York or Bogotá, Colombia are authorized or obligated by law, regulation or executive order to close. The notes will not be subject to any sinking fund.

In the case of amounts not paid by Ocensa under the notes, interest will continue to accrue on such amounts, to the extent permitted by applicable law, at a default rate equal to 1.0% in excess of the interest rate on the notes, from and including the date when such amounts were due and owing and through and including the date of payment of such amounts by Ocensa.

The indenture does not contain any provision that would limit the ability of Ocensa and its Subsidiaries to incur indebtedness or to substantially reduce or sell Ocensa's assets or that would afford the holders of the notes protection in the event of a decline in Ocensa's credit quality or a takeover, recapitalization or highly leveraged or similar transaction involving Ocensa. In addition, subject to the limitations set forth under "—Merger and Consolidation", Ocensa may, in the future, enter into certain transactions, including the sale of all or substantially all of its assets or the merger or consolidation of Ocensa, that would increase the amount of Ocensa's indebtedness or substantially reduce or eliminate Ocensa's assets, which may have an adverse effect on Ocensa's ability to service its indebtedness, including the notes.

As of March 31, 2020, we had indebtedness with an outstanding principal amount of US$500 million, all of which was unsecured debt.

In the event that, as a result of certain changes in law affecting Colombian withholding taxes, Ocensa becomes obliged to pay Additional Amounts (as defined below), the notes will be redeemable, in whole but not in part, at Ocensa's option at any time at 100% of their principal amount, together with any Additional Amounts and accrued and unpaid interest, if any, to, but excluding, the redemption date. See "—Withholding Tax Redemption". In addition, we will have the right at our option to redeem any of the notes in whole or in part three months prior to the maturity date of the notes, or at any time prior to that, at a redemption price equal to the Make-Whole Amount (as defined below).

We are required to make an offer to purchase all or any portion of outstanding notes held by holders upon the occurrence of a Change of Control Repurchase Event (as defined below) at a purchase price in cash equal to 101% of the principal amount of the notes so purchased, plus accrued and unpaid interest thereon and any Additional Amounts to, but excluding, the date of such purchase.

Each book-entry note will be represented by one or more global notes in fully registered form, registered in the name of The Depository Trust Company, which is referred to in this listing memorandum as "DTC" or the "depositary", or its nominee. Beneficial interests in the global notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. See "—Form, Denomination and Registration". Except in the limited circumstances described in this listing memorandum, book-entry notes will not be exchangeable for notes issued in fully registered form ("certificated notes"). See "Notice to Investors".

Notes sold to qualified institutional buyers, or QIBs, and subsequent transferees, directly or indirectly, of those notes and notes sold initially to non-U.S. persons in reliance on Regulation S under the Securities Act will be issued as book-entry notes and will be represented as global notes, which will be deposited with the custodian for DTC and registered in the name of DTC's nominee. See "—Form, Denomination and Registration".

The notes are subject to restrictions on the resale or other transfer thereof as described under "Notice to Investors". In addition, book-entry notes may be transferred or exchanged only through the depositary. See "—Form, Denomination and Registration". Registration of transfer or exchange of certificated notes will be made at the office or agency maintained by Ocensa for this purpose in the Borough of Manhattan, The City of New York, currently the office of the trustee at 240 Greenwich Street, 7 East, New York, New York 10286. Neither Ocensa nor the trustee will charge a service charge for any registration of transfer or exchange of notes, but Ocensa may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange (other than exchanges pursuant to the indenture not involving any transfer).

Despite the Republic of Colombia's indirect ownership interest in Ocensa, the Republic of Colombia is not and will not be liable for Ocensa's obligations under the notes or the indenture, nor do such obligations form any part of the public debt of the Republic of Colombia.

Payments

Ocensa will make payments of principal, and premium, if any, and interest on book-entry notes through the trustee to the depositary. See "—Form, Denomination and Registration". In the case of certificated notes (which will only be issued in the limited circumstances described below under "Form, Denomination and Registration"), Ocensa will pay the principal and premium, if any, due on the maturity date in immediately available funds upon presentation and surrender by the holder of the notes at the office or agency maintained by Ocensa for this purpose in the Borough of Manhattan, The City of New York, currently the office of the trustee at 240 Greenwich Street, 7 East, New York, New York 10286. Ocensa will pay interest due on the maturity date of a certificated note to the person to whom payment of the principal and premium, if any, will be made. Ocensa will pay interest due on a certificated note on any interest payment date other than the maturity date by check mailed to the address of the holder entitled to the payment as the address shall appear in the note register of Ocensa. Any interest not punctually paid or duly provided for on a certificated note on any interest payment date other than the maturity date will cease to be payable to the holder of any note as of the close of business on the related record date and may either be paid (1) to the person in whose name the certificated note is registered at the close of business on a special record date for the payment of the defaulted interest that is fixed by Ocensa, written notice of which will be given to the holders of the notes not less than 30 calendar days prior to the special record date, or (2) at any time in any other lawful manner.

Form, Denomination and Registration

The notes will be issued in book-entry form in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

The notes sold initially to QIBs in reliance on Rule 144A will be issued in the form of one or more U.S. global notes in fully registered form. Each U.S. global note will be deposited with, or on behalf of, the depositary, which initially will be DTC, and registered in the name of the depositary or its nominee. Investors may hold their beneficial interests in a U.S. global note directly through the depositary if they are participants in the depositary's book-entry system or indirectly through organizations which are participants in such system. The U.S. global notes will be subject to restrictions on transfer and will bear legends to that effect as described under "Notice to Investors".

The notes sold to non-U.S. persons in reliance on Regulation S will be issued in the form of one or more Regulation S global notes in fully registered form. Each Regulation S global note will be deposited with, or on behalf of, the depositary and registered in the name of the depositary or its nominee for credit to the subscribers' respective accounts. Investors may hold their beneficial interests in a Regulation S global note directly through the depositary if they are participants in the depositary's book-entry system or indirectly through organizations which are participants in such system. Regulation S global notes will be subject to restrictions on transfer as described under "Notice to Investors".

The Regulation S global notes and the U.S. global notes are collectively referred to in this listing memorandum as the "global notes".

So long as the depositary, which initially will be DTC, or its nominee is the registered owner of a global note, the depositary or its nominee, as the case may be, will be the sole holder of the notes represented by the global note for all purposes under the indenture. Except as otherwise provided in this section, the beneficial owners of the global notes representing the notes will not be entitled to receive physical delivery of certificated notes and will not be considered the holders of the notes for any purpose under the indenture, and no global note representing the book-entry notes will be exchangeable or transferable. Accordingly, each beneficial owner must rely on the procedures of the depositary and, if the beneficial owner is not a participant of the depositary, then the beneficial owner must rely on the procedures of the participant through which the beneficial owner owns its interest in order to exercise any rights of a holder under the global notes or the indenture. Furthermore, transfers of all notes, including book-entry notes, are subject to the restrictions on the resale and other transfer thereof described under "Notice to Investors". The laws of some jurisdictions may require that certain purchasers of notes take physical delivery of the notes in certificated form. Such limits and laws may impair the ability to transfer beneficial interests in a global note representing the notes.

Except as otherwise provided in or pursuant to the indenture, any global note shall be exchangeable for definitive notes only if (i) the depositary is at any time unwilling, unable or ineligible to continue as depositary and a successor depositary is not appointed by us within 90 days of the date we are so informed in writing, (ii) the depositary ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (iii) we execute and deliver to the trustee a company order to the effect that such global note shall be so exchangeable, or (iv) an event of default has occurred and is continuing with respect to the notes.

Upon any exchange, the certificated notes shall be registered in the names of the beneficial owners of the global notes representing the notes, which names shall be provided by the depositary's relevant participants (as identified by the depositary) to the trustee.

Cross-Market Transfers. Subject to compliance with the transfer restrictions described below under "Notice to Investors", and the certification and other requirements set forth in the indenture, any cross-market transfer between a holder of a beneficial interest held directly in DTC, on the one hand, and a holder of a beneficial interest held in Clearstream or Euroclear, on the other hand, will be effected in the depositary's book-entry system on behalf of its participants in accordance with the rules of the depositary. However, these cross-market transfers would require delivery of instructions to Euroclear or Clearstream Banking, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream Banking, as the case may be, will, if the transfer meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving the beneficial interests in the applicable global note in the depositary, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to the depositary. Participants in Euroclear or Clearstream Banking may not deliver instructions directly to the depositaries for Euroclear or Clearstream Banking, as the case may be.

Because of time zone differences, the securities account of a Euroclear or Clearstream Banking participant purchasing a beneficial interest in a global note from a holder holding directly in DTC will be credited during the securities settlement processing day, which must be a business day for Euroclear or Clearstream Banking, as applicable, immediately following the depositary's settlement date. Credit of a transfer of a beneficial interest in a global note settled during that processing day will be reported to the applicable Euroclear or Clearstream Banking participant on that day. Cash received in Euroclear or Clearstream Banking as a result of a transfer of a beneficial interest in a global note by or through a Euroclear or Clearstream Banking participant to a depositary direct participant will be received with value on the depositary's settlement date but will be available in the applicable Euroclear or Clearstream Banking cash account only as of the business day following settlement in the depositary.

Beneficial interests in a Regulation S global note may be exchanged for beneficial interests in a U.S. global note only if such exchange occurs in connection with a transfer of notes pursuant to Rule 144A and the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that the notes are being transferred to a person who the transferor reasonably believes to be a QIB within the meaning of Rule 144A, purchasing for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a U.S. global note may be transferred to a person who takes delivery in the form of a beneficial interest in a Regulation S global note, whether before or after the expiration of the "distribution compliance period" (as defined in Regulation S), only if the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S.

Any beneficial interest in a global note that is transferred for a beneficial interest in another global note will, upon transfer, cease to be an interest in the original global note and will become an interest in the other global note and, accordingly, will be subject to all transfer restrictions and other procedures applicable to beneficial interests in the other global note for as long as it remains a beneficial interest in that global note.

Information Relating to the Depositary

The following is based on information furnished by the depositary:

The depositary will act as the depositary for the notes. The notes will be issued as fully registered senior notes registered in the name of Cede & Co., which is the depositary's partnership nominee. Fully registered global notes will be issued for the notes, in the aggregate principal amount of the issue, and will be deposited with the depositary.

The depositary is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. The depositary holds securities that its participants deposit with the depositary. The depositary also facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes to participants' accounts, thereby eliminating the need for physical movement of senior notes certificates. Direct participants of the depositary include securities brokers and dealers, including the initial purchasers of the notes, banks, trust companies, clearing corporations and certain other organizations. Access to the depositary's system is also available to indirect participants, which includes securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to the depositary and its participants are on file with the SEC.

Purchases of notes under the depositary's system must be made by or through direct participants, which will receive a credit for the notes on the depositary's record. The ownership interest of each beneficial owner, which is the actual purchaser of each note, represented by global notes, is in turn to be recorded on the direct and indirect participants' records. Beneficial owners will not receive written confirmation from the depositary of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owner entered into the transaction. Transfers of ownership interests in the global notes representing the notes are to be accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners of the global notes representing the notes will not receive certificated notes representing their ownership interests therein, except in the limited circumstances described above.

To facilitate subsequent transfers, all global notes representing the notes which are deposited with, or on behalf of, the depositary are registered in the name of the depositary's nominee, Cede & Co. The deposit of global notes with, or on behalf of, the depositary and their registration in the name of Cede & Co. effect no change in beneficial ownership. The depositary has no knowledge of the actual beneficial owners of the global notes representing the notes; the depositary's records reflect only the identity of the direct participants to whose accounts the notes are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by the depositary to direct participants, by direct participants to indirect participants, and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither the depositary nor Cede & Co. will consent or vote with respect to the global notes representing the notes. Under its usual procedure, the depositary mails an omnibus proxy to Ocensa as soon as possible after the applicable record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the notes are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Principal, premium, if any, and/or interest payments on the global notes representing the notes will be made to the depositary. The depositary's practice is to credit direct participants' accounts on the applicable payment date in accordance with their respective holdings shown on the depositary's records unless the depositary has reason to believe that it will not receive payment on the date. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of the participant and not of the depositary, the trustee or Ocensa, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and/or interest to the depositary is the responsibility of Ocensa or the trustee, disbursement of the payments to direct participants will be the responsibility of the depositary, and disbursement of the payments to the beneficial owners will be the responsibility of direct and indirect participants.

The depositary may discontinue providing its services as securities depositary with respect to the notes at any time by giving reasonable notice to Ocensa or the trustee. Under such circumstances, in the event that a successor securities depositary is not obtained, certificated notes are required to be printed and delivered.

Ocensa may decide to discontinue use of the system of book-entry transfers through the depositary or a successor securities depositary. In that event, certificated notes will be printed and delivered. Upon the occurrence of certain other events as provided in the indenture, upon surrender by DTC of the global notes, certificated notes will be issued to each person that DTC identifies as the beneficial owner of the notes represented by the global notes.

Although the depositary, Euroclear and Clearstream Banking have agreed to the procedures described above in order to facilitate transfers of interests in the global notes among participants of the depositary, Euroclear and Clearstream Banking, they are under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. Neither the trustee nor Ocensa will have any responsibility for the performance by the depositary, Euroclear or Clearstream Banking or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Transfers between participants in the depositary will be effected in the ordinary way in accordance with the depositary's rules and operating procedures, while transfers between participants in Euroclear and Clearstream Banking will be effected in the ordinary way in accordance with their respective rules and operating procedures.

The information in this subsection "—Form, Denomination and Registration" concerning the depositary, Euroclear and Clearstream Banking and their respective book-entry systems has been obtained from the depository, Euroclear and Clearstream Banking but Ocensa takes responsibility solely for the accuracy of its extraction of this information.

Certain Covenants

The indenture provides that the covenants set forth below are applicable to Ocensa.

Payment of Principal and Interest. Ocensa will duly and punctually pay the principal of and any premium and interest and other amounts (including any Additional Amounts in the event withholding and other taxes are imposed in Colombia) on the notes in accordance with the terms of the notes and the indenture.

Maintenance of Corporate Existence. Ocensa will maintain its corporate existence unless either (i) Ocensa's shareholders at a duly convened shareholders' meeting determine that preserving Ocensa's corporate existence is no longer desirable in the conduct of Ocensa's business and is not disadvantageous in any material respect to holders or (ii) in compliance with the covenant set forth below under "—Merger and Consolidation."

Ranking. Ocensa will ensure that the notes will at all times constitute its senior, unsecured and unsubordinated obligations and will rank pari passu, without any preferences among themselves, with any present and all other future senior, unsecured and unsubordinated obligations of Ocensa that constitute External Indebtedness (other than obligations preferred by statute or by operation of law).

Statement by Officers as to Default and Notices of Events of Default. Within 10 days (or promptly with respect to certain events of default relating to Ocensa's insolvency and in any event no later than 10 days) after Ocensa becomes aware or should reasonably become aware of the occurrence of any default or event of default under the indenture or the notes, it will notify the trustee in writing of the occurrence of such default or event of default.

Provision of Financial Statements and Reports. To the extent the same shall not have been made publicly available by filing with the SEC or on Ocensa's website, Ocensa will (A) make available, upon request, to any holder and any prospective purchaser of notes designated by any holder, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the notes are not freely transferable under the Securities Act; and (B) furnish (or in lieu of furnishing, make accessible electronically with notice to the trustee) to the trustee:

(1) as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year, a copy of its audited financial statements (on a consolidated basis) in respect of such fiscal year (including a statement of comprehensive income, statement of financial position and cash flow statement), translated into English, prepared in accordance with Colombian Government Entity NCIF and audited by a member firm of an internationally recognized firm of independent auditors; and

(2) as soon as they are available, but in any event within 90 calendar days after the end of each of the first, second and third fiscal quarters of each of its fiscal years, copies of its unaudited financial statements (on a consolidated basis) in respect of the relevant period (including a statement of comprehensive income, statement of financial position and cash flow statement) translated into English, prepared in accordance with Colombian Government Entity NCIF.

Ocensa will provide, together with the financial statements delivered as described in clause (1) of the preceding paragraph, an officer's certificate stating (i) that a review of Ocensa's activities has been made during the period covered by such financial statements with a view to determining whether Ocensa has kept, observed, performed and fulfilled its covenants and agreements under this indenture; and (ii) that no event of default, or event which with the giving of notice or passage of time or both would become an event of default, has occurred during that period or, if one or more have actually occurred, specifying all those events and what actions have been taken and will be taken with respect to that event of default or other event.

Delivery of these reports, information and documents to the trustee is for informational purposes only and the trustee's receipt of any of those will not constitute constructive notice of any information contained therein or determinable from information contained therein, including Ocensa's compliance with any of its covenants under the indenture (as to which the trustee is entitled to rely exclusively on officer's certificates).

Limitation on Liens. Ocensa will not, and will not permit any Material Subsidiary to, directly or indirectly, create, incur or assume any Lien, except for Permitted Liens, to secure the payment of Indebtedness of Ocensa or any Material Subsidiary, unless effective provision is made whereby the notes (together with, if Ocensa shall so determine, any other Indebtedness ranking equally with the notes, whether then existing or thereafter created) are secured equally and ratably with (or prior to) such Indebtedness (but only for so long as such Indebtedness is so secured).

The foregoing limitation on Liens shall not apply to the creation, incurrence or assumption of the following Liens ("Permitted Liens"):

(1) Liens arising by operation of law, such as merchants', maritime or other similar Liens arising in the ordinary course of business or Liens in respect of taxes, assessments or other governmental charges that are not yet delinquent or that are being contested in good faith by appropriate proceedings;

(2) Liens arising in the ordinary course of business in connection with Indebtedness maturing not more than one year after the date on which that Indebtedness was originally incurred and which is related to the financing of export, import or other trade transactions;

(3) Liens resulting from the deposit of funds or evidences of Indebtedness in trust for the purpose of discharging or defeasing Indebtedness of Ocensa or any Material Subsidiary;

(4) Liens on any property or assets existing at the time of acquisition thereof by Ocensa or any Material Subsidiary, including Liens on assets or property of a Person existing at the time such Person is merged into, consolidated with or acquired by Ocensa or any Material Subsidiary or becomes a Material Subsidiary; provided that any such Lien is not incurred in contemplation of such merger, consolidation or acquisition (unless such Lien was created to secure or provide for the payment of any part of the purchase price of such property or assets) and does not secure any property of Ocensa or any Material Subsidiary other than the property and assets subject to such Lien prior to such merger, consolidation or acquisition (or that secures the financing proceeds which were used to purchase such property or assets);

(5) Liens existing as of (i) the date of the indenture, and (ii) the date of the original issuance of the notes;

(6) Liens securing Indebtedness (including in the form of Capitalized Lease Obligations and purchase money Indebtedness) incurred for the purpose of financing the cost (including without limitation the cost of design, development, site acquisition, construction, integration, manufacture or acquisition) of real or personal property (tangible or intangible) which is incurred contemporaneously therewith or within 180 days thereafter; provided (i) such Liens secure Indebtedness in an amount not in excess of the cost of such property (plus an amount equal to the reasonable fees and expenses incurred in connection with the incurrence of such Indebtedness) and (ii) such Liens do not extend to any property of Ocensa or any Material Subsidiary other than the property for which such Indebtedness was incurred;

(7) Liens to secure the performance of statutory and common law obligations, bids, trade contracts, judgments, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(8) Liens to secure the notes;

(9) Liens granted in favor of Ocensa and/or any Subsidiary to secure Indebtedness owing to Ocensa or such Subsidiary;

(10) Legal or equitable encumbrances deemed to exist by reason of the inclusion of customary negative pledge provisions in any financing document of Ocensa or any Subsidiary;

(11) Liens securing Internal Indebtedness;

(12) Any Lien in respect of Indebtedness representing the extension, refinancing, renewal or replacement (or successive extensions, refinancings, renewals or replacements) of Indebtedness secured by Liens referred to in clauses (2), (3), (4), (5), (6), (7), (8), (9) and (10) above and (16) and (17) below; provided that the principal of the Indebtedness secured thereby does not exceed the principal of the Indebtedness secured thereby immediately prior to such extension, renewal or replacement, plus any accrued and unpaid interest or capitalized interest payable thereon, reasonable fees and expenses incurred in connection therewith, and the amount of any prepayment premium necessary to accomplish any refinancing; and provided, further, that such extension, renewal or replacement shall be limited to all or a part of the property (or interest therein) subject to the Lien so extended, renewed or replaced (plus improvements and construction on such property);

(13) Pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(14) Easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of Ocensa or any of its Subsidiaries;

(15) Liens arising out of governmental concessions or licenses held by Ocensa or any of its Subsidiaries;

(16) Liens arising out of judgments or awards against Ocensa or a Material Subsidiary which have not resulted in an Event of Default;

(17) Liens over construction or development project assets (including shares or other equity interests of any Person formed to own, construct, or develop such assets) so long as recourse is limited to recoveries (including any revenues) in respect of such construction or development of project assets;

(18) Liens or deposits required by any contract or statute or other regulatory requirements in order to permit Ocensa or any Subsidiary of Ocensa to perform any contract or subcontract made by it with or at the request of a governmental entity or any department, agency or instrumentality thereof, or to secure return of partial progress, advance or any other payments to Ocensa or any Subsidiary by a governmental entity or any department, agency, or instrumentality thereof pursuant to the provisions of any contract or statute; and

(19) Liens in respect of Indebtedness the principal amount of which in the aggregate, together with all other Liens not otherwise qualifying as Permitted Liens pursuant to another part of this definition of Permitted Liens, does not exceed 15% of Ocensa's Consolidated Total Assets. For purposes of this covenant, the value of any Lien securing Indebtedness will be computed on the basis of the lesser of (i) the outstanding principal amount of such secured Indebtedness and (ii) the higher of (x) the book value or (y) the Fair Market Value of the property securing such Indebtedness.

Repurchase of Notes upon a Change of Control Repurchase Event. Ocensa must commence, within 30 days of the occurrence of a Change of Control Repurchase Event, an offer to purchase ("Offer to Purchase") all notes then outstanding, at a purchase price equal to 101% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest (if any) and any Additional Amounts to, but excluding, the date of purchase. Ocensa is not required to make an Offer to Purchase following a Change of Control Repurchase Event if (1) a third party makes an Offer to Purchase that would be in compliance with the provisions described in this covenant if it were made by Ocensa and such third party purchases (for the consideration referred to in the immediately preceding sentence) the notes validly tendered and not withdrawn or (2) a notice of redemption for all outstanding notes has been given pursuant to the indenture unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control Repurchase Event and conditioned upon the consummation of such Change of Control Repurchase Event, if a definitive agreement is in place for the Change of Control at the time the offer to purchase is made.

We will comply, to the extent applicable, with the requirements of Rule 14e-1 of the Exchange Act and other applicable securities laws or regulations upon the occurrence of a Change of Control Repurchase Event. To the extent that the provisions of any applicable securities laws or regulations conflict with provisions of this covenant, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under this covenant by virtue of our compliance with such securities laws or regulations.

There can be no assurance that Ocensa will have sufficient funds available at the time of any Change of Control Repurchase Event to make the repurchases of notes required by the foregoing covenant (as well as by any covenant contained in other securities of Ocensa which might be outstanding at the time).

Additional Amounts. Pursuant to the indenture, all payments to be made in respect of the notes are to be made free and clear of, and without deduction or withholding for or on account of, any taxes imposed or levied by or on behalf of Colombia or any political subdivision or authority of or in such jurisdiction having the power to tax ("Taxes", and such jurisdictions, "Taxing Jurisdiction"), except to the extent such Taxes are imposed by applicable law. In the event that any Taxes are required by the applicable law of a Taxing Jurisdiction to be deducted or withheld from any payment required to be made in respect of the notes or otherwise under the indenture, then the amount of such payment shall be increased by an amount as may be necessary such that such payment is made, after withholding or deduction for or on account of such Taxes, in an amount equal to the amount that would have been received by the applicable recipient(s) in respect of such payment had no such Taxes (including any Taxes payable in respect of such Additional Amounts) been required to be so deducted or withheld (any such amounts, "Additional Amounts"). Furthermore, the amount of any Taxes required to be withheld or deducted from any payment made in respect of the notes or otherwise under the indenture shall be withheld or deducted from such payment (as increased by any Additional Amounts) and paid to the Taxing Jurisdiction imposing such Taxes in accordance with applicable law. Notwithstanding the preceding sentences, no such Additional Amounts will be payable in respect of:

(i) any Tax assessed or imposed by any Taxing Jurisdiction to the extent that such Tax would not have been assessed or imposed but for the applicable recipient or beneficial owner of such payment having a present or former connection with the Taxing Jurisdiction (including, without limitation, such holder being or having been a citizen or resident thereof or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein), other than solely by reason of the applicable recipient's participation in the transactions effected by the indenture and the receipt of payments thereunder (including under the notes);

(ii) any estate, inheritance, gift, personal property, sales, use, excise, transfer or other similar Tax imposed with respect to such payment;

(iii) any such Taxes that would not have been imposed but for the failure of the applicable recipient or beneficial owner of such payment to comply with any certification, identification, information, documentation or other reporting requirement to the extent (a) such compliance is required by applicable law or an applicable treaty as a precondition to exemption from, or reduction in the rate of deduction or withholding of, such Taxes and (b) at least 30 days before the first payment date with respect to which the obligor with respect to a payment shall apply this clause (3), such obligor shall have notified such recipient in writing that such recipient will be required to comply with such requirement;

(iv) any Tax imposed as a result of any note being presented for payment (where presentation is required) more than 15 days after the relevant payment is first made available for payment to the applicable recipient (except to the extent that such recipient would have been entitled to Additional Amounts had the note been presented during such 15-day period);

(v) any Tax payable other than by withholding or deduction from payments of principal or of interest on the note; or

(vi) any combination of the circumstances described in clauses (i) through (v).

Notwithstanding anything to the contrary in the preceding paragraph, each of Ocensa and any other person making payments on behalf of Ocensa shall be entitled to deduct and withhold as required, and shall not be required to pay any Additional Amounts with respect to any such withholding or deduction imposed on or in respect of any note, pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("FATCA"), any treaty, law, regulation or other official guidance enacted by any jurisdiction implementing FATCA, or any agreement between Ocensa or any other person and the United States or any jurisdiction implementing FATCA.

In addition, no Additional Amounts will be paid with respect to any payment to a recipient who is a fiduciary, partnership, limited liability company or any Person other than the sole beneficial owner of such payment to the extent that a beneficiary or settlor with respect to such fiduciary or a member of such partnership, limited liability company or a beneficial owner would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been in the place of such recipient. Ocensa will provide the trustee upon its request with documentation reasonably satisfactory to it evidencing the payment of Taxes in respect of which Ocensa has paid any Additional Amounts. Copies of such documentation will be made available to the applicable recipients upon written request therefor to the trustee.

The obligation to pay Additional Amounts will survive the repayment of the notes and the sale or transfer of the notes (or beneficial interests therein) by any investor.

In addition, Ocensa shall pay any and all other Taxes ("Other Taxes") imposed by the relevant taxing authority imposing such Other Taxes in accordance with applicable law, excluding any such Other Taxes imposed by any jurisdiction outside of Colombia. As used herein, Other Taxes shall mean any and all stamp, documentary or similar taxes, or any other excise or similar levies that arise on account of any payment to be made under any note or from the execution, delivery, registration, recording or enforcement of the notes and the indenture (in each case, other than pursuant to a transfer of notes after this offering and other than any Taxes paid in accordance with the first paragraph of "—Additional Amounts").

Optional Redemption

We will not be permitted to redeem the notes before their stated maturity, except as set forth below. The notes will not be entitled to the benefit of any sinking fund—meaning that we will not deposit money on a regular basis into any separate account to repay your notes. In addition, except as set forth above under "—Certain Covenants—Repurchase of Notes upon a Change of Control Repurchase Event", you will not be entitled to require us to repurchase your notes from you before the stated maturity.

Optional Redemption at Par

At any time or from time to time on or after May 14, 2027 (two months prior to the Maturity Date) (the "Par Call Date"), we will have the right to redeem the notes, in whole or in part, on at least 10 days' but not more than 60 days' notice, as provided herein under "—Notices," at a redemption price equal to 100% of the outstanding principal amount of the notes to be redeemed plus accrued but unpaid interest (if any) on the principal amount of the notes to be redeemed and any Additional Amounts to, but excluding, the date of redemption.

Optional Redemption with "Make-Whole" Amount

We will have the right at our option to redeem any of the notes in whole or in part, at any time or from time to time prior to the Par Call Date, on at least 10 days' but not more than 60 days' notice, at a redemption price equal to the greater of (1) 100% of the principal amount of such notes and (2) the sum of the present values of each remaining scheduled payment of principal and interest thereon as if redeemed on the Par Call Date (exclusive of interest accrued to, but excluding, the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points (the "Make-Whole Amount"), plus in each case any Additional Amounts and accrued interest to, but excluding, the date of redemption.

"*Treasury Rate*" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"*Comparable Treasury Issue*" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the Par Call Date that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the Par Call Date.

"*Independent Investment Banker*" means one of the Reference Treasury Dealers appointed by us.

"*Comparable Treasury Price*" means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if we obtain fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"*Reference Treasury Dealer*" means BofA Securities, Inc., Citigroup Global Markets Inc. or their respective affiliates which are primary United States government securities dealers and two other leading primary United States government securities dealers in New York City reasonably designated by us; provided, however, that if any of the foregoing shall cease to be a primary United States government securities dealer in New York City (a "Primary Treasury Dealer"), we will substitute therefore another Primary Treasury Dealer.

"*Reference Treasury Dealer Quotation*" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such Reference Treasury Dealer at 3:30 pm New York time on the third business day preceding such redemption date.

On and after the redemption date, interest will cease to accrue on the notes or any portion of the notes called for redemption (unless we default in the payment of the redemption price and accrued interest). On or before the redemption date, we will deposit with the trustee money sufficient to pay the redemption price of and (unless the redemption date shall be an interest payment date) accrued interest to, but excluding, the redemption date on the notes to be redeemed on such date. If less than all of the notes are to be redeemed, the notes to be redeemed shall be selected by the trustee by such method as the trustee shall deem fair and appropriate.

Withholding Tax Redemption

The notes may be redeemed at Ocensa's election, in whole but not in part on any date, by the giving of notice as provided herein under "—Notices," at a price equal to 100% of the outstanding principal amount thereof, together with any Additional Amounts and accrued and unpaid interest to, but excluding, the redemption date, if, as a result of any change in, or amendment to, laws or treaties (or any regulation or rulings promulgated thereunder) of Colombia or any political subdivision or taxing authority thereof or therein or any change in the official application, administration or interpretation of such laws, treaties, regulations or rulings in such jurisdictions, Ocensa is or will become obligated to pay any Additional Amounts on the notes, if such change or amendment is announced and becomes effective on or after the issuance of the notes and such obligation cannot be avoided by taking commercially reasonable measures available to Ocensa; provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which Ocensa would be obligated to pay such Additional Amounts.

Notice of any redemption will be mailed at least 10 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed. Prior to the giving of notice of redemption of such notes pursuant to the indenture, Ocensa will deliver to the trustee an officer's certificate and a written opinion of recognized Colombian counsel independent of Ocensa and its Affiliates to the effect that all governmental approvals necessary for it to effect such redemption have been or at the time of redemption will be obtained and in full force and effect, and that Ocensa has or will become obligated to pay such Additional Amounts as a result of such change, amendment, application, administration or interpretation. On the redemption date, interest will cease to accrue on the notes that have been redeemed.

Open Market Purchases

Ocensa or any of its Affiliates may at any time purchase any note in the open market or otherwise at any price. Any notes redeemed or repurchased by Ocensa or any of its Affiliates may, at Ocensa's option, continue to be outstanding or be cancelled, subject to the terms set forth in the indenture.

Merger and Consolidation

Ocensa may not consolidate with or merge into, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets and properties (determined on a consolidated basis) to, any entity or entities (including limited liability companies) unless:

(1) either (i) Ocensa is the surviving entity or (ii) the successor entity or entities, each of which shall be organized under the laws of Colombia or of the United States or a state thereof and shall assume by supplemental indenture all the obligations of Ocensa under the notes and the indenture (including the obligation to pay the Additional Amounts),

(2) immediately after giving effect to the transaction or series of transactions, no default or event of default shall have occurred and be continuing,

(3) if the entity or entities with which Ocensa consolidates or merges or to which it sells, assigns, transfers, leases, conveys or otherwise disposes of assets and properties pursuant to this covenant are organized under the laws of a country other than Colombia or the United States or a state thereof, Ocensa indemnifies holders against any tax, assessment or governmental charge or other cost resulting from the transaction,

(4) if, as a result of such transaction, properties or assets of Ocensa would become subject to an encumbrance which would not be permitted by the terms of the notes, Ocensa or the successor entity or entities shall take such steps as are necessary to secure such notes equally and ratably with all indebtedness secured thereunder, and

(5) Ocensa delivers to the trustee an officer's certificate and an opinion of counsel, each stating that such consolidation, merger, conveyance or transfer and such supplemental indenture (if applicable) comply with the foregoing provisions relating to such transaction.

Thereafter, all such obligations of Ocensa shall terminate. Notwithstanding the foregoing, nothing herein shall prohibit Ocensa from selling, assigning, transferring, leasing, conveying or otherwise disposing of any of Ocensa's Subsidiaries at the date of the indenture or any interest therein or any assets thereof.

Events of Default

The term "event of default" means any one of the following events with respect to the notes:

(1) default in the payment of any interest on any note, or any Additional Amounts payable with respect thereto, when the interest becomes or the Additional Amounts become due and payable, and continuance of the default for a period of 30 days;

(2) default in the payment of the principal of or any premium on any note, or any Additional Amounts payable with respect thereto, when the principal or premium becomes or the Additional Amounts become due and payable at their maturity, upon redemption or otherwise, and continuance of the default for a period of 7 days;

(3) default in the performance, or breach, of any covenant or warranty of Ocensa in the indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Events of Default section specifically dealt with or which has expressly been included in the indenture solely for the

benefit of a series of securities other than the notes) or the notes and continuance of the default or breach for a period of 60 days (inclusive of any cure period contained in any such covenant or other term for compliance thereunder) after there has been given, by registered or certified mail, to Ocensa by the trustee or to Ocensa and the trustee by the holders of at least 25% in aggregate principal amount of the outstanding senior debt securities of the series, a written notice specifying the default or breach and requiring it to be remedied and stating that the notice is a "Notice of Default" under the indenture;

(4) any event of default as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any External Indebtedness of Ocensa, other than the notes, or any Material Subsidiary of Ocensa, whether the External Indebtedness now exists or shall hereafter be created, shall occur and shall result in such External Indebtedness in aggregate principal amount (or, if applicable, with an issue price and accreted original issue discount) in excess of U.S.$100.0 million (or its equivalent in another currency) becoming or being declared due and payable prior to the date on which it would otherwise become due and payable;

(5) the entry by a court having competent jurisdiction of one or more final and non-appealable judgments or final decrees against Ocensa or a Material Subsidiary involving in the aggregate a liability (not paid or fully covered by insurance) of U.S.$100.0 million (or its equivalent in another currency) or more, and all such judgments or decrees have not been vacated, discharged or stayed within 180 days after the date set for payment;

(6) Ocensa admits that it is generally unable to pay its debts as they become due or passes a resolution to dissolve;

(7) the entry by a court having competent jurisdiction of:

(a) a decree or order for relief in respect of Ocensa in an involuntary proceeding under Bankruptcy Law, which decree or order shall remain unstayed and in effect for a period of 180 consecutive days;

(b) a decree or order in an involuntary proceeding under Bankruptcy Law adjudging Ocensa to be insolvent, or approving a petition seeking a similar relief under Bankruptcy Law in respect of Ocensa, which decree or order shall remain unstayed and in effect for a period of 180 consecutive days; or

(c) a final and non-appealable order appointing a custodian, receiver, liquidator, assignee, trustee or other similar official of Ocensa or of any substantial part of the property of Ocensa or ordering the winding up or liquidation of the affairs of Ocensa; and

(8) the commencement by Ocensa of a voluntary proceeding under any applicable bankruptcy, insolvency or other similar law or of a voluntary proceeding seeking to be adjudicated insolvent or the consent by Ocensa to the entry of a decree or order for relief in an involuntary proceeding under any applicable bankruptcy, insolvency or other similar law or to the commencement of any insolvency proceedings against it, or the filing by Ocensa of a petition or answer or consent seeking relief under any applicable bankruptcy, insolvency or other similar law, or the consent by Ocensa to the filing of the petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee or similar official of Ocensa or any substantial part of the property of Ocensa or the making by Ocensa of an assignment for the benefit of creditors, or the taking of corporate action by Ocensa in furtherance of any such action.

If an event of default with respect to the notes at the time outstanding (other than an event of default specified in clause (7) or (8) above) occurs and is continuing, then the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding notes may declare the principal of the notes, to be due and payable immediately, by a notice in writing to Ocensa (and to the trustee if given by the holders), and upon any declaration the principal shall become immediately due and payable. If an event of default specified in clause (7) or (8) above occurs, all unpaid principal of and accrued interest on the notes shall become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder of any note.

The trustee shall not be charged with knowledge of any default or event of default with respect to the notes unless a written notice of such default or event of default shall have been given to a responsible officer of the trustee by Ocensa or any holder of notes.

At any time after a declaration of acceleration or automatic acceleration with respect to the notes has been made and before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of not less than a majority in principal amount of the outstanding notes, by written notice to Ocensa and the trustee, may rescind and annul the declaration and its consequences if:

(1) Ocensa has paid or deposited with the trustee a sum of money sufficient to pay (i) all overdue installments of interest on the notes and any Additional Amounts payable with respect thereto, and (ii) all fees and expenses incurred by the trustee in accordance with the indenture in connection with the event of default that gave rise to the acceleration by the holders and the principal of and any premium on the notes which have become due otherwise than by the declaration of acceleration and interest thereon; and

(2) all events of default with respect to the notes, other than the nonpayment of the principal of, any premium and interest on, and any Additional Amounts with respect to the notes which shall have become due solely by the acceleration, shall have been cured or waived.

No rescission granted shall affect any subsequent default or event of default or impair any right consequent thereon.

Meetings of Noteholders

A meeting of noteholders may be called by the trustee, Ocensa or the holders of at least 25% in aggregate principal amount of the outstanding notes at any time and from time to time, to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other actions provided by the indenture to be made, given or taken by holders of notes. The meeting shall be held at such time and at such place in the Borough of Manhattan, The City of New York or in such other place as the trustee shall reasonably determine. Notice of every meeting of noteholders, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given not less than 21 nor more than 180 days prior to the date fixed for the meeting.

The persons entitled to vote a majority in principal amount of the outstanding notes shall constitute a quorum for a meeting. Any resolution presented to a meeting at which a quorum is present may be adopted only by the affirmative vote of the holders of a majority in principal amount of the outstanding notes. Any resolution passed or decision taken at any meeting of holders of notes duly held in accordance with the indenture shall be binding on all the holders of notes, whether or not such holders were present or represented at the meeting.

Modification and Waiver

Modification and amendments of the indenture may be made by Ocensa and the trustee with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding notes affected thereby; provided, however, that no modification or amendment may, without the consent of the holder of each outstanding notes affected thereby:

(1) change the stated maturity of the principal of, or any premium or installment of interest on, or any Additional Amounts with respect to, any note;

(2) reduce the principal amount of, or the rate of interest on, or any Additional Amounts with respect to, or any premium payable upon the redemption of, any note;

(3) shorten the period during which Ocensa is not permitted to redeem any note (except as permitted under "—Withholding Tax Redemption"), or permit Ocensa to redeem such note prior to the stated maturity if, prior to such action, Ocensa is not permitted to do so (except as permitted under "—Withholding Tax Redemption");

(4) change any obligation to pay the Additional Amounts described under "Certain Covenants—Additional Amounts";

(5) change the place of payment or the coin or currency in which the principal of, any premium or interest on or any Additional Amounts with respect to, any note is payable;

(6) impair the right to institute suit for the enforcement of any payment on or after the stated maturity of any note (or, in the case of redemption, on or after the redemption date or, in the case of repayment at the option of any holder, on or after the date for repayment);

(7) reduce the percentage in principal amount of the outstanding notes, the consent of whose holders is required in order to take certain actions;

(8) reduce the requirements for quorum or voting by holders of notes as provided in the indenture;

(9) modify any of the provisions in the indenture regarding the waiver of past defaults and the waiver of certain covenants by the holders of notes except to increase any percentage vote required or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of the holder of each note affected thereby; or

(10) modify any of the above provisions.

The holders of not less than a majority in aggregate principal amount of the outstanding notes may, on behalf of the holders of all notes, (i) waive compliance by Ocensa with certain restrictive provisions of the indenture, and (ii) waive any past default and its consequences under the indenture with respect to the notes, except a default:

- in the payment of principal (or premium, if any), or any interest on or any Additional Amounts with respect to notes; or
- in respect of a covenant or provision of the indenture that cannot be modified or amended without the consent of the holder of each note.

The indenture contains provisions permitting Ocensa and the trustee, without the consent of any holders of the notes, to enter into a supplemental indenture, among other things, for purposes of curing any ambiguity or correcting or supplementing any provisions contained in the indenture or in any supplemental indenture or making other provisions in regard to the matters or questions arising under the indenture or any supplemental indenture as the Board of Directors of Ocensa deems necessary or desirable and which does not adversely affect the interests of the holders of notes in any material respect. Ocensa and the trustee, without the consent of any holders of the notes, may also enter into a supplemental indenture to establish the forms or terms of any series of senior debt securities.

Notices

All notices regarding the notes shall be valid if that notice is given to holders of notes in writing and mailed to each holder of notes.

While the notes are represented by the global note deposited with the common depositary, notices to holders may be given by delivery to the depositary, and such notices will be deemed to be given on the date of delivery to the depositary. The trustee will also mail notices by first-class mail, postage prepaid, to each registered holder's last known address as it appears in the security register that the trustee maintains. The trustee will only mail these notices to the registered holder of the notes. You will not receive notices regarding the notes directly from us unless we reissue the notes to you in fully certificated form.

Notices will be deemed to have been given on the date of mailing or of publication as aforesaid or, if published on different dates, on the date of the first such publication.

In addition, so long as the notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the exchange so require, notices will also be published pursuant to the requirements of the Luxembourg Stock Exchange in a leading newspaper having general circulation in Luxembourg, which is expected to be the "*Luxemburger Wort.*" If such publication is not practicable, notice will be considered to be validly given if otherwise made in accordance with the rules of the Luxembourg Stock Exchange. Any such notice will be deemed to have been delivered on the date of first publication. Any notice to holders may also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Unclaimed Amounts

Any money deposited with the trustee or paying agent or held by Ocensa, in trust, for the payment of principal, premium, interest or any Additional Amounts, that remains unclaimed for two years after such amount becomes due and payable shall be paid to Ocensa on its request or, if held by Ocensa, shall be discharged from such trust. The holder of the notes will look only to Ocensa for payment thereof, and all liability of the trustee, paying agent or of Ocensa, as trustee, shall thereupon cease.

Certain Definitions

The following are certain of the terms defined in the indenture:

"*Affiliate*" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"*Bankruptcy Law*" means (a) Colombian Law 1116 of 2006, or the equivalent laws that may replace it in the future, and (b) any bankruptcy, insolvency or debtor relief statute, law or decree of the United States of America or any other jurisdiction where Ocensa has (i) assets that account for 10% or more of Consolidated Total Assets or (ii) as of the date of determination, operations that account for 10% or more of Ocensa's consolidated revenues based on its most recent consolidated balance sheet prepared in accordance with Colombian Government Entity NCIF.

"*Board of Directors*" means the Board of Directors of Ocensa or any executive committee thereof, if duly authorized by the Board of Directors and under Colombian law to act with respect to the indenture.

"*Capitalized Lease Obligation*" of any Person means any obligation of such Person to pay rent or other amounts under a lease with respect to any property (whether real, personal or mixed) acquired or leased (other than leases for transponders) by such Person and used in its business that is required to be accounted for as a liability on the balance sheet of such Person in accordance with Colombian Government Entity NCIF and the amount of such Capitalized Lease Obligation shall be the amount so required to be accounted for as a liability.

"*Change of Control*" means an event or series of events that results in (i) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Ocensa and its Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d) of the Exchange Act), other than to one or more of Ocensa, any of its Subsidiaries, any one or more Permitted Holders or a "group" controlled by one or more Permitted Holders; (ii) the adoption of a plan relating to the liquidation or dissolution of Ocensa ; or (iii) any "person" or "group" (as defined above) (other than one or more of Ocensa, any of its Subsidiaries, any one or more Permitted Holders or a "group" controlled by one or more Permitted Holders) becoming the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of Ocensa, measured by voting power rather than number of shares.

"*Change of Control Repurchase Event*" means the occurrence of both a Change of Control and a Rating Downgrade Event.

"*Colombian Government Entity NCIF*" means generally accepted accounting standards and financial information accepted in Colombia based on International Financial Reporting Standards and its interpretations issued by the International Account Standards Board and other applicable legal provisions adopted by the National Accounting Office (*Contaduría General de la Nación*) and other applicable legal provisions in Colombia as in effect from time to time, as approved by the Colombian accounting standard setter; provided, however, that if the Company is required by the Colombian accounting standard setter to adopt (or is permitted to adopt and so adopts) a different accounting framework, "*Colombian Government Entity NCIF*" shall mean such new accounting framework as in effect from time to time, including, without limitation, in each case, those accounting principles set forth in the opinions and pronouncements of the Colombian accounting standard setter.

"*Consolidated Total Assets*" means, at any date, the total amount of assets of Ocensa, as of the end of the last period preceding such date for which a balance sheet is prepared and published in accordance with applicable law, on a consolidated basis as determined in accordance with Colombian Government Entity NCIF, on a pro forma basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations subsequent to such date and on or prior to the date of determination.

"*External Indebtedness*" means Indebtedness other than Internal Indebtedness.

"*Fair Market Value*" means, with respect to any asset or property, the price which could be negotiated in an arm's-length transaction, for cash, between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy. Fair Market Value shall be determined by Ocensa, acting in good faith and evidenced by a resolution delivered to the trustee.

"*Indebtedness*" of any Person means, without duplication:

(1) any indebtedness of such Person (i) for borrowed money or (ii) evidenced by a note, debenture or similar instrument (including a purchase money obligation) given in connection with the acquisition of any property or assets, including securities;

(2) any guarantee by such Person of any indebtedness of others described in the preceding clause (1); and

(3) any amendment, renewal, extension or refunding of any such indebtedness or guarantee.

"*Internal Indebtedness*" means any Indebtedness payable to Colombian residents in Colombian pesos.

"*Investment Grade Rating*" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's, BBB- (or the equivalent) by S&P and BBB- (or equivalent) by Fitch Ratings Inc. and its successors.

"*Lien*" means any mortgage, pledge, lien, hypothecation, security interest or other charge or encumbrance on any property or asset including, without limitation, any equivalent created or arising under applicable law.

"*Material Subsidiary*" means a Subsidiary of Ocensa which on any given date of determination accounts for more than 10% of Ocensa's Consolidated Total Assets.

"*Moody's*" means Moody's Investors Service Inc. and its successors.

"*Permitted Holder*" means (a) Cenit S.A.S., and (b) any Affiliate of any one or more of the "persons" described in (a), including, directly or indirectly, the Republic of Colombia.

"*Person*" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"*Rating Agency*" means (1) each of Moody's and S&P; and (2) if any of Moody's or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by us as a replacement agency for Moody's or S&P, as the case may be.

"*Rating Downgrade Event*" means the downgrade below an Investment Grade Rating of the rating of the notes, during a period (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) commencing on the earlier of (a) the first public announcement by Ocensa of any Change of Control and (b) the consummation of a Change of Control, and ending sixty (60) days following consummation of such Change of Control, by at least two Rating Agencies (if the notes are rated by two or more Rating Agencies at the time of such public notice) or one Rating Agency (if the notes are rated by only one Rating Agency at the time of such public notice); provided that any such Rating Downgrade Event is in whole or in part related to or in connection with a Change of Control.

"*S&P*" means Standard & Poor's Ratings Services and its successors.

"*Subsidiary*" means any current or future corporation, association, limited liability company, partnership or other business entity of which a majority of the total voting power of the capital stock or other interests (including partnership interests) entitled (without regard to the incurrence of a contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) Ocensa, (ii) Ocensa and one or more of its Subsidiaries or (iii) one or more Subsidiaries of Ocensa.

"*Voting Stock*" means, with respect to any Person, capital stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

Discharge, Defeasance and Covenant Defeasance

Ocensa may discharge certain obligations to holders of any series of senior debt securities that have not already been delivered to the trustee for cancellation and that either have become due and payable or will become due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing or causing to be deposited with the trustee, in trust, funds for the benefit of the holders in U.S. Dollars or Government Obligations, which is defined below, in an amount sufficient, in the opinion of a nationally recognized firm of independent public accountants, investment bank or consultants expressed in a written certification thereof delivered to the trustee, to pay and discharge the entire indebtedness on the senior debt securities with respect to principal (and premium, if any) and interest to the date of the deposit (if the senior debt securities have become due and payable), to the maturity thereof or to their redemption date, as the case may be.

The indenture provides that, unless the provisions of the "Defeasance and Covenant Defeasance" section thereof are made inapplicable in respect of any series of senior debt securities of or within any series pursuant to the "Amount Unlimited; Issuable in Series" section thereof, Ocensa may elect, at any time, either:

- to defease and be discharged from any and all obligations with respect to the senior debt securities (except for, among other things, the obligation to pay Additional Amounts, if any, upon the occurrence of certain events of taxation, assessment or governmental charge with respect to payments on the senior debt securities and other obligations to register the transfer or exchange of the senior debt securities, to replace temporary or mutilated, destroyed, lost or stolen senior debt securities, to maintain an office or agency with respect to the senior debt securities and to hold moneys for payment in trust) ("defeasance"); or

- to be released from its obligations with respect to the senior debt securities under the covenants described under "—Certain Covenants" and "—Merger and Consolidation" above or, if provided pursuant to the "Amount Unlimited; Issuable in Series" section of the indenture, its obligations with respect to any other covenant, and any omission to comply with the obligations shall not constitute a default or an event of default with respect to the senior debt securities ("covenant defeasance").

Defeasance or covenant defeasance, as the case may be, shall be conditioned upon the irrevocable deposit by Ocensa with the trustee, as trust funds in trust for the purpose of making the following payments for the benefit of the holders of the notes, of (i) an amount in U.S. Dollars, in which such senior debt securities, together with all interest appertaining thereto, are then specified as payable at their stated maturity, or (ii) an amount of Government Obligations, which is defined below, applicable to such senior debt securities and the interest appertaining thereto, which through the scheduled payment of principal and interest in accordance with their terms will provide money, or a combination thereof in an amount, in any case, sufficient, in the opinion of a nationally recognized firm of independent public accountants, investment bank or consultants expressed in a written certification thereof delivered to the trustee, to pay and discharge the entire indebtedness on the senior debt securities with respect to principal (and premium, if any) and interest to the date of the deposit (if the senior debt securities have become due and payable) or to the maturity thereof, as the case may be.

Such a trust may only be established if, among other things,

- the applicable defeasance or covenant defeasance does not result in a breach or violation of, or constitute a default under, the indenture or any other material agreement or instrument to which Ocensa is a party or by which it is bound, and

- Ocensa has delivered to the trustee an opinion of counsel (as specified in the indenture) to the effect that the beneficial owners of the senior debt securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the defeasance or covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the defeasance or covenant defeasance had not occurred, and the opinion of counsel, in the case of defeasance, must refer to and be based upon a letter ruling of the Internal Revenue Service received by Ocensa, a revenue ruling published by the Internal Revenue Service or a change in applicable U.S. federal income tax law occurring after the date of the indenture.

"*Government Obligations*" means securities which are:

- direct obligations of the United States of America, for the payment of which the full faith and credit of the United States is pledged; or

- obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America or such other government or governments, the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America or such other government or governments;

and which are not callable or redeemable at the option of the issuer or issuers thereof, and shall also include a depositary receipt issued by a bank or trust company as custodian with respect to any Government Obligation or a specific payment of interest on or principal of or any other amount with respect to any Government Obligation held by the custodian for the account of the holder of the depositary receipt; provided that (except as required by law) the custodian is not authorized to make any deduction from the amount payable to the holder of the depositary receipt from any amount received by the custodian with respect to the Government Obligation or the specific payment of interest on or principal of or any other amount with respect to the Government Obligation evidenced by the depositary receipt.

In the event Ocensa effects covenant defeasance with respect to any senior debt securities and the senior debt securities are declared due and payable because of the occurrence of any event of default other than an event of default with respect to the "Limitations on Liens" covenant contained in the indenture (which sections would no longer be applicable to the senior debt securities after the covenant defeasance) or with respect to any other covenant as to which there has been covenant defeasance, the amount in the currency in which the senior debt securities are payable, and Government Obligations on deposit with the trustee, will be sufficient to pay amounts due on the senior debt securities at the time of the stated maturity but may not be sufficient to pay amounts due on the senior debt securities at the time of the acceleration resulting from the event of default. However, Ocensa would remain liable to make payment of the amounts due at the time of acceleration.

Currency Indemnity

Any amount received or recovered by a holder of a note on or under the notes or the indenture (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of us or otherwise) in a currency other than U.S. Dollars shall constitute a discharge of Ocensa's obligation only to the extent of the U.S. Dollar amount which such holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. Dollar amount is less than the U.S. Dollar amount expressed to be due to such holder of a note, Ocensa will indemnify such holder against any loss sustained by it as a result; if that U.S. Dollar amount so purchased exceeds the U.S. Dollar amount expressed to be due to the holder of such note, such holder agrees to remit such excess to Ocensa. Notwithstanding the foregoing, any payment required to be made by us under this indemnity will remain subject to the final judgment, order or decree entered by the applicable court of jurisdiction with respect thereto.

For the purposes of the preceding paragraph, it will be sufficient for the holder of a note to certify in a manner reasonably satisfactory to Ocensa (indicating the sources of information used) that it would have suffered a loss had an actual purchase of U.S. Dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of U.S. Dollars on such date had not been practicable, on the first date on which it would have been practicable, which date and the reason for such impracticability shall be included in the certification by the holder of such note). These indemnities will constitute a separate and independent obligation from the other obligations under the indenture and the notes, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any holder of a note and will continue in full force and effect despite any other judgment or order, for a liquidated amount in respect of any sum due under any note.

Listing

In the event that the notes are listed as anticipated on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market, Ocensa will use its reasonable best efforts to maintain such listing; *provided* that Ocensa may delist the notes from the Luxembourg Stock Exchange in accordance with the rules of the exchange and seek an alternative admission to listing, trading and/or quotation for the notes on a different section of the Luxembourg Stock Exchange or by such other listing authority, stock exchange and/or quotation system inside or outside the European Union as Ocensa's board of directors may decide.

Governing Law, Consent to Jurisdiction and Service of Process

The indenture and the notes will be governed by, and construed in accordance with, the laws of the State of New York, except that the laws of Colombia will govern all matters relating to the authorization and execution of the indenture and the notes by Ocensa.

Ocensa has consented to the non-exclusive jurisdiction of the New York State and U.S. federal courts located in the Borough of Manhattan, The City of New York with respect to any action that may be brought in connection with the indenture or the notes and has irrevocably appointed C T Corporation System as agent for service of process.

Claims against Ocensa for the payment of principal, premium, if any, or interest on the notes must be made within six years from the due date for payment thereof.

Waiver of Immunity

Ocensa shall irrevocably waive any immunity (including sovereign immunity), to the fullest extent permitted by law,,from suit, action, proceeding or jurisdiction to which it might otherwise be entitled in any such suit, action or proceeding in any U.S. federal or New York State court in the Borough of Manhattan, The City of New York, or in any competent court in Colombia; except as provided under (i) Articles 192, 193 and 195 of Law 1437 of 2011 (*Código de Procedimiento Administrativo y de lo Contencioso Administrativo*); and (ii) Articles 593, 594 and 595 et al of Law 1564 of 2012 (*Código General del Proceso*), pursuant to which the revenues, assets and property of Ocensa located in Colombia are not subject to execution, set-off or attachment; provided, however, that under the laws of Colombia, any suit, action, proceeding or jurisdiction for the collection of amounts ordered by or arising from collectable documents will be subject to the rules set forth under Articles 298 and 299 of Law 1437 of 2011 (*Código de Procedimiento Administrativo y de lo Contencioso Administrativo*). Under the laws of Colombia, the regulations that govern statutes of limitations and other time limits for any suit, action, proceeding or jurisdiction may not be waived by Ocensa. In addition, to the extent that Ocensa or any of its revenues, assets or properties will be entitled, in any jurisdiction, to any immunity from setoff, banker's lien, attachment or any similar right or remedy, and to the extent that there will be attributed, in any jurisdiction, such an immunity, Ocensa irrevocably agrees not to claim and will waive such immunity to the fullest extent permitted by the laws of such jurisdiction with respect to any claim, suit, action, proceeding, right or remedy arising out of or in connection with the indenture and the notes. Ocensa reserves the right to plead sovereign immunity under the United States Foreign Sovereign Immunities Act of 1976, as amended, with respect to any action brought against it under the United States federal securities laws or any state securities laws.

Regarding the Trustee

The Bank of New York Mellon is the trustee under the indenture.

The indenture contains provisions for the indemnification of the trustee and for its relief from responsibility. The obligations of the trustee to any holder are subject to such indemnities, immunities and rights as are set forth in the indenture.

Except during the continuance of an event of default, the trustee need perform only those duties that are specifically set forth in the indenture and no others, and no implied covenants or obligations will be read into the indenture against the trustee. In case an event of default has occurred and is continuing, the trustee will exercise those rights and powers vested in it by the indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. No provision of the indenture will require the trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties thereunder, or in the exercise of its rights or powers, unless it receives indemnity satisfactory to it against any loss, liability or expense.

The trustee is permitted to engage in other transactions with Ocensa and its subsidiaries from time to time; provided that if the trustee acquires any conflicting interest it must eliminate the conflict upon the occurrence of an event of default, or else resign.

Ocensa may at any time remove the trustee at its office or agency in the City of New York designated for the foregoing purposes and may from time to time rescind such designations.

No Personal Liability of Shareholders, Officers, Directors, or Employees

The indenture provides that no recourse for the payment of the principal of, premium, if any, or interest on any of the notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of Ocensa in such indenture, or in any of the notes or because of the creation of any indebtedness represented thereby, shall be had against any shareholder, officer, director, employee or controlling person of Ocensa or of any successor thereof.

PLAN OF DISTRIBUTION

Subject to the terms and conditions in the purchase agreement between us and the initial purchasers named below, we have agreed to sell to the initial purchasers, and the initial purchasers have severally agreed to purchase from us, the following principal amount of notes listed opposite their names below at the initial offering price set forth on the cover page of this listing memorandum less the initial purchasers' discount:

Initial Purchasers	**Principal Amount of Notes**
BofA Securities, Inc.	U.S.$250,000,000
Citigroup Global Markets Inc.	U.S.$250,000,000
Total	U.S.$500,000,000

The purchase agreement provides that the obligations of the several initial purchasers to purchase the notes offered hereby are subject to certain conditions precedent and that the initial purchasers will purchase all of the notes offered by this listing memorandum if any of these notes are purchased.

The initial purchasers are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The initial purchasers initially propose to offer the notes for resale at the issue price that appears on the cover of this listing memorandum. After the initial offering, the initial purchasers may change the offering price and any other selling terms. The initial purchasers may offer and sell notes through certain of their affiliates.

In the purchase agreement, we have agreed that:

- we will not offer or sell any of our debt securities (other than the notes) in the international capital markets for a period of 30 days after the date of this listing memorandum without the prior consent of BofA Securities, Inc. and Citigroup Global Markets Inc.

- we will indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or contribute to payments that the initial purchasers may be required to make in respect of those liabilities.

The notes have not been registered under the Securities Act or the securities laws of any other jurisdiction. Each initial purchaser has agreed that it will offer or sell the notes only (1) in the United States to QIBs in reliance on Rule 144A under the Securities Act or (2) in offshore transactions in reliance on Regulation S under the Securities Act. The notes being offered and sold pursuant to Regulation S may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person, unless the notes are registered under the Securities Act or an exemption from the registration requirements thereof is available. Terms used above have the meanings given to them by Regulation S and Rule 144A under the Securities Act. See "Transfer Restrictions."

In addition, until 40 days following the commencement of this offering, an offer or sale of notes within the United States by a broker-dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act.

The notes are a new issue of securities, and there is currently no established trading market for the notes. We have applied to have the notes listed or admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange. The initial purchasers may make a market in the notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. We cannot assure you as to the liquidity of the trading market for the notes or that an active public market for the notes will develop.

If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

In connection with the offering of the notes, the initial purchasers (or persons acting on their behalf) may over-allot notes or effect transactions with a view to supporting the market price of the notes during the stabilization period at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date of adequate public disclosure of the terms of the offer of the notes and, if begun may cease at any time. Any stabilization action or over allotment must be conducted by the relevant initial purchaser(s) (or persons acting on their behalf) in accordance with all applicable laws and rules and will be undertaken at the offices of the initial purchaser(s) (or persons acting on their behalf).

We expect to deliver the notes against payment for the notes on or about the date specified in the last paragraph of the cover page of this listing memorandum, which will be the third business day following the date of the pricing of the notes. Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes between the date of pricing and the settlement date may be required, by virtue of the fact that the notes initially will settle in T+3, to specify alternative settlement arrangements to prevent a failed settlement.

The initial purchasers are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The initial purchasers and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. Affiliates of Citigroup Global Markets Inc. are lenders under various foreign exchange credit lines. As of March 31, 2020, the outstanding balance of the credit lines was approximately U.S.$2 million.

In the ordinary course of their various business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments.

If any of the initial purchasers or their affiliates has a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. A typical such hedging strategy would include these initial purchasers or their affiliates hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments including potentially the notes offered hereby.

Notice to Prospective Investors in the European Economic Area and the United Kingdom

Each initial purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any notes to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of the foregoing:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, (as amended, "MiFID II"); or

a customer within the meaning of Directive (EU) 2016/97 (as amended, the "IDD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes.

This listing memorandum has been prepared on the basis that any offer of notes in any Member State of the European Economic Area or in the United Kingdom will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of notes.

References to Regulations or Directives include, in relation to the UK, those Regulations or Directives as they form part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 or have been implemented in UK domestic law, as appropriate.

Notice to Prospective Investors in the United Kingdom

Each initial purchaser has represented and agreed that:

(i) has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(ii) it has complied and will comply with all applicable provisions of the FSMA and the Financial Services Act 2012 with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

See also "Notice to Prospective Investors in the European Economic Area and the United Kingdom" above.

Notice to Prospective Investors in France

Neither this listing memorandum nor any other offering material relating to the notes described in this listing memorandum has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. The notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this listing memorandum nor any other offering material relating to the notes has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the notes to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with, articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code Monétaire et Financier*;

- to investment services providers authorized to engage in portfolio management on behalf of third parties; or

- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French Code Monétaire et Financier and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

The notes may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code Monétaire et Financier*.

Notice to Prospective Investors in the Dubai International Financial Centre

This listing memorandum relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority ("DFSA"). This listing memorandum is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this listing memorandum nor taken steps to verify the information set forth herein and has no responsibility for this listing memorandum. The notes to which this listing memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the notes offered should conduct their own due diligence on the notes. If you do not understand the contents of this listing memorandum, you should consult an authorized financial advisor.

Notice to Prospective Investors in **Chile**

The offer of the notes is subject to General Rule No. 336 of the Chilean Securities and Exchange Commission (*Superintendencia de Valores y Seguros*), or SVS. The notes being offered will not be registered under the Securities Market Law in the securities registry (*registro de valores*) or in the Foreign Securities Registry (*registro de valores extranjeros*) of the SVS and, therefore, the notes are not subject to the supervision of the SVS. The notes being unregistered securities, we are not required to disclose public information about the notes in Chile. Accordingly, the notes cannot and will not be offered or sold to persons in Chile unless they are registered in the corresponding securities registry, except in circumstances which have not resulted and will not result in a public offering under Chilean law and in compliance with General Rule No. 336 of the SVS.

La oferta de los bonos se acoge a la Norma de Carácter General N°336 de la SVS. Los bonos que se ofrecen no están inscritos bajo la Ley de Mercado de Valores en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la SVS, por lo que tales valores no están sujetos a la fiscalización de dicha SVS. Por tratarse de valores no inscritos, no existe obligación por parte del emisor de entregar en Chile información pública respecto de estos valores. Los bonos no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente.

Notice to Prospective Investors in Peru

The notes have not been and will not be approved by or registered with the Peruvian securities regulatory authority, the Superintendency of the Securities Market (*Superintendencia del Mercado de Valores*). The offer of the notes in Peru is not considered a public offering and will not be launched in Peru except in circumstances which do not constitute public offering or distribution under Peruvian laws and regulations. This notice is for informative purposes and it does not constitute a public offering of any kind.

Notice to Prospective Investors in Colombia

The offering of the notes will not be authorized by the SFC and the notes have not been and will not be registered in the Colombian National Registry of Securities and Issuers (Registro Nacional de Valores y Emisores) maintained by the SFC or in the Colombian Stock Exchange (Bolsa de Valores de Colombia), Therefore, the notes may not be offered or sold publicly or otherwise be subject to brokerage activities in Colombia, except under circumstances that do not constitute a public offering of securities under applicable Colombian securities laws and regulations. Furthermore, foreign financial entities must abide by the terms of Part 4 of Decree 2555 of 2010 and Regulation 029 issued by the SFC, as modified, completemnted, substituted from time to time, to market and offer the notes to Colombian clients.

Notice to Prospective Investors in Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this listing memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts*, or NI 33-105, the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in Mexico

The notes have not been and will not be registered with the RNV maintained by the CNBV, and, therefore, may not be offered publicly in Mexico. The notes may only be offered in Mexico pursuant to the exemptions to registration provided in article 8 of the Mexican Securities Market Law. We will notify the CNBV of the terms and conditions of this offering of the notes outside of Mexico, for informational and statistical purposes only. The delivery to, and the receipt by, the CNBV of such notice does not constitute or imply a certification as to the investment quality of the notes, our or the subsidiary guarantor's solvency, liquidity or credit quality or the accuracy or completeness of the information set forth in this listing memorandum. This listing memorandum is solely our responsibility and has not been reviewed or authorized by the CNBV. The acquisition of the notes by investors, including Mexican investors, will be made under their own responsibility.

Notice to Prospective Investors in Hong Kong

The **n**otes may not be offered or sold in Hong Kong by means of any other document other than (1) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (2) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (3) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Act, and the notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except as pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Prospective Investors in Singapore

This listing memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this listing memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, of such notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA, except:

(i) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), or to any person arising from an offer referred to in Section 275(1A), or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notification under Section 309(B)(1)(c) of the SFA. The Company has determined that the Securities are (A) prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and (B) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to Prospective Investors in Taiwan

The notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and the notes may not be sold, issued or offered within Taiwan through a public offering or in a circumstance which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan requiring registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the notes in Taiwan.

Notice to Prospective Investors in Switzerland

This listing memorandum is not intended to constitute an offer or solicitation to purchase or invest in the notes described herein. The notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this listing memorandum nor any other offering or marketing material relating to the notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this listing memorandum nor any other offering or marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland.

Notice to Prospective Investors in Panama

The notes have not been and will not be registered under the Panamanian Securities Laws with the Panamanian Superintendence. Accordingly, (i) the notes cannot be publicly offered or sold in Panama, except in transactions exempted from registration under the Panamanian Securities Laws, (ii) the Panamanian Superintendence has not reviewed the information contained in this listing memorandum, (iii) the notes and the offering thereof are not subject to the supervision of the Panamanian Superintendence, and (iv) the notes do not benefit from the tax incentives provided by Panamanian Securities Laws.

Notice to Prospective Investors in Brazil

The issuance of the notes has not been nor will be registered with the CVM. Accordingly, the notes may not be offered or sold in Brazil.

TRANSFER RESTRICTIONS

The notes have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the notes are being offered hereby only (a) to QIBs in compliance with Rule 144A under the Securities Act and (b) in offers and sales that occur outside the United States to persons other than U.S. persons ("non-U.S. persons", which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners (other than an estate or trust)) in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act. As used herein, the terms "offshore transactions", "United States" and "U.S. person" have the respective meanings given to them in Regulation S.

Each purchaser of notes will be deemed to have represented and agreed with us and the initial purchasers as follows:

(1) It is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is (a) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A under the Securities Act or (b) a non-U.S. person that is outside the United States (or a non-U.S. person that is a dealer or other fiduciary as referred to above);

(2) It understands that the notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the notes have not been and, will not be registered under the Securities Act, and that the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) It shall not resell or otherwise transfer any of such notes except:

- to us or any of our subsidiaries;
- pursuant to a registration statement which has been declared effective under the Securities Act;
- within the United States to a QIB in compliance with Rule 144A under the Securities Act;
- in transactions meeting the requirements of Rule 903 or Rule 904 of Regulation S under the Securities Act; or
- pursuant to another available exemption from the registration requirements of the Securities Act;

(4) It is not our "affiliate" (within the meaning of Rule 144 under the Securities Act);

(5) It agrees that it will give notice of any restrictions on transfer of such notes to each person to whom it transfers the notes;

(6) It understands that the certificates evidencing the notes (other than the Regulation S global notes) will bear a legend substantially to the following effect unless otherwise agreed to by us and the trustee for the period set forth in item 3 above:

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR OTHER SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR

UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 903 OR 904 OF REGULATION S, (2) AGREES THAT IT WILL NOT OFFER, SELL OR OTHERWISE TRANSFER THIS SECURITY, EXCEPT (A)(I) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ACQUIRING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION COMPLYING WITH RULE 144A, (II) IN AN OFFSHORE TRANSACTION COMPLYING WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION", "UNITED STATES" AND "U.S. PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT. THIS LEGEND CAN ONLY BE REMOVED AT THE OPTION OF THE ISSUER AND IN COMPLIANCE WITH APPLICABLE LAW.

(7) If it is a non-U.S. person acquiring a beneficial interest in a Regulation S global note offered pursuant to this listing memorandum, it acknowledges and agrees that, until the expiration of the 40-day "distribution compliance period" within the meaning of Regulation S, any offer, sale, pledge or other transfer shall not be made by it in the United States except pursuant to Rule 144A to a QIB taking delivery thereof in the form of a beneficial interest in a U.S. global note, and that each Regulation S global note will contain a legend to substantially the following effect:

PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")), THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) EXCEPT TO A PERSON REASONABLY BELIEVED TO BE A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A ("RULE 144A") UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A AND THE INDENTURE REFERRED TO HEREIN.

(8) It acknowledges that the foregoing restrictions apply to holders of beneficial interests in the notes, as well as holders of the notes;

(9) It acknowledges that the trustee will not be required to accept for registration of transfer any notes, except upon presentation of evidence satisfactory to us and the trustee that the restrictions set forth herein have been complied with; and

(10) It acknowledges that we, the trustee, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the notes are no longer accurate, it shall promptly notify us, the trustee and the initial purchasers. If it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

TAXATION

Certain Colombian Income Tax Considerations

The following summary contains a description of the principal Colombian income tax considerations in connection with the purchase, ownership and disposition of the notes, but does not purport to be a comprehensive description of all Colombian tax considerations that may be relevant to a decision to purchase the notes. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than those of Colombia. This summary does not make reference to any double taxation treaties executed by Colombia, and therefore, the application of any such treaties must be analyzed on a case-by-case basis.

This summary is based on the tax laws of Colombia as in effect on the date of this listing memorandum, as well as regulations, rulings, and decisions in Colombia available on or before such date and now in effect. All of the foregoing is subject to change, which could apply retroactively and could affect the continued validity of this summary.

Prospective purchasers of the notes should consult an independent tax advisor as to Colombian tax consequences of the purchase, ownership, and disposition of the notes, including, in particular, the application of the tax considerations discussed below to their particular situations, as well as the application of state, local, non-Colombian or other tax laws.

Pursuant to article 218 of the Colombian Tax Code ("CTC"), interests, commissions and any other items of income related to external Colombian-public credit operations, as defined under Colombian law, and to operations similar to such public credit operations, are exempted from all types of national taxes, charges, contributions or levies, only if such items of income are paid to persons who are neither tax resident nor domiciled in Colombia. The issuance and placement of the notes is qualified as an external Colombian-public credit operation and, therefore, payments to be made under the notes by us to noteholders who are neither tax resident nor domiciled in Colombia, will not be subject to any Colombian tax withholding of any kind.

In addition, pursuant to article 266(6) of the CTC, as included by article 56 of Law 1430 of 2010, the notes are not deemed to be owned in Colombia for income tax purposes. Therefore, profits derived from the sale or other type of disposition of the notes by non-resident noteholders will be deemed as foreign source income for income tax purposes in Colombia, hence, not subject to Colombian income or capital gains tax.

Under the Colombian Tax Code, a person (including a holder of notes) will be deemed to be a tax resident in Colombia if he or she meets any of the following criteria:

- if such person physically stays in Colombia for more than 183 calendar days within any given 365-consecutive-days term;
- if such person has been in service with the Colombian State or Government in a foreign state in which that person is exempt from taxes during the time of service by virtue of any provisions of the Vienna Conventions on diplomatic relations; and
- if such person is a Colombian national residing abroad, provided that, additionally, any of the following conditions are met:
    - such person has a spouse or permanent companion, or dependent children, who is a resident of Colombia; or
    - 50% or more of such person's total income is sourced in Colombia; or
    - 50% or more of such person's assets are managed in Colombia; or
    - 50% or more of such person's assets are deemed to be located in Colombia; or

- if such person has been summoned by the Colombian Tax Office to provide proof of residency in another country (other than Colombia) and fails to provide such evidence; or

- if such person is a resident of a country deemed a non-cooperative jurisdiction, a jurisdiction with low or null taxation, or with a preferential tax regime as defined under Colombian law.

Note that a Colombian national who would otherwise be considered a tax resident as per the criteria above will not qualify effectively as such if 50% or more of such person's annual income or assets is sourced in the jurisdiction where such person is domiciled.

On the other hand, for purposes of the Colombian income tax, an entity is deemed to be domestic and resident in Colombia if it meets any of the following criteria:

- it has had its effective place of management in Colombia during the corresponding calendar year or taxable period;

- it has as its principal domicile the Colombian territory; and

- it has been incorporated according to the Colombian law.

The Colombian Tax Code includes a definition of a permanent establishment in Colombia. A foreign entity or individual performing activities in Colombia through (1) a fixed place of business (i.e., branches, factories or offices among others), or (2) a dependent agent authorized to conclude agreements on behalf of the foreign entity or individual, will be considered to have a permanent establishment in Colombia . Any such permanent establishment will be considered as a Colombian taxpayer on worldwide income and gains, cost and expenses. A foreign entity or individual should not be deemed to have a permanent establishment in Colombia solely by the fact that it acts through a broker or any other independent agent.

The fact of purchasing the notes, receiving interests and selling the notes does not itself create a permanent establishment in Colombia for a non-resident entity and a non-resident individual. For purposes of this document we are assuming that the noteholders are non-resident entities and/or non-resident individuals that do not have a fixed place of business or a dependent agent that amount to a permanent establishments in Colombia to which income or gains derived from the notes could be attributed.

Additional changes in tax-related laws and regulations, and interpretations thereof, can affect tax burdens by increasing tax rates and fees, creating new taxes, limiting tax deductions, and eliminating tax-based incentives and non-taxed income. In addition, tax authorities or courts may interpret tax regulations differently than we do, which could result in tax litigation and associated costs and penalties.

Certain United States Federal Income Tax Considerations

The following discussion is a summary of certain U.S. federal income tax consequences of acquiring, owning and disposing of the notes. Except where otherwise noted, this discussion applies only to U.S. Holders (as defined below) that purchase the notes at the initial issue price in this offering for cash and that hold the notes as "capital assets" (generally, property held for investment). This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing final, temporary and proposed U.S. Treasury regulations, administrative pronouncements by the Internal Revenue Service ("IRS"), and judicial decisions, all as of the date hereof and all of which are subject to change (possibly on a retroactive basis) and to different interpretations. This discussion does not purport to address all U.S. federal income tax consequences that may be relevant to a particular U.S. Holder and you are urged to consult your own tax advisor regarding your specific tax situation. The discussion does not address the tax consequences that may be relevant to U.S. Holders subject to special tax rules, including, for example:

- insurance companies;

- tax-exempt organizations;
- dealers in securities or currencies;
- traders in securities that elect to mark-to-market their securities holdings;
- banks or other financial institutions;
- partnerships or other pass through entities or arrangements for U.S. federal income tax purposes;
- U.S. Holders (as defined below) whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- U.S. expatriates; or
- U.S. Holders that hold the notes as part of a hedge, straddle, conversion or other integrated transaction.

Further, this discussion does not address the alternative minimum tax consequences of holding the notes or the Medicare tax on net investment income. In addition, this discussion does not address the state, local and non-U.S. tax consequences of acquiring, owning and disposing of the notes.

As used herein, the term “U.S. Holder” means a beneficial owner of the notes that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or any other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) the trust has an election in effect under current U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to its consequences of acquiring, owning and disposing of the notes.

U.S. Holders

Characterization of the Notes

In certain circumstances, we may be obligated to pay amounts in excess of stated interest or principal on the notes (see “Description of the Notes—Repurchases of the Notes Upon a Change of Control Repurchase Event”). Our obligation to pay such excess amounts may cause the IRS to take the position that the notes are “contingent payment debt instruments” for U.S. federal income tax purposes. If the IRS is successful in such an assertion, the timing and amount of income included and the character of gain recognized with respect to the notes would likely be different from the consequences discussed herein. Notwithstanding this possibility, we do not believe that the notes are contingent payment debt instruments, and, consequently, we do not intend to treat the notes as contingent payment debt instruments. Such determination by us is binding on all holders unless a holder discloses its differing position in a statement attached to its timely filed U.S. federal income tax return for the taxable year during which a note was acquired. The remainder of this discussion assumes that the notes will not be treated as contingent payment debt instruments for U.S. federal income tax purposes.

Stated Interest

It is expected and this discussion assumes that the notes will be issued with no more than a *de minimis* amount of OID. Therefore, interest on the notes, including any additional amounts with respect thereto as described under "Description of the Notes—Additional Amounts," will be includible in your gross income as ordinary interest income at the time such payments are received or accrued in accordance with your method of tax accounting for U.S. federal income tax purposes. In addition, interest on the notes will be treated as foreign source income for U.S. federal income tax purposes and generally will constitute "passive category" income for most U.S. Holders. Subject to generally applicable restrictions and conditions (including a minimum holding period requirement), if any foreign income taxes are withheld on interest payments on the notes, a U.S. Holder generally will be entitled to a foreign tax credit in respect of any such foreign income taxes. Alternatively, the U.S. Holder may deduct such taxes in computing taxable income for U.S. Federal income tax purposes; *provided* that the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant taxable year. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisor regarding the availability of the foreign tax credit under your particular circumstances.

Sale, Exchange or Other Taxable Disposition

Upon the sale, exchange or other taxable disposition (including a redemption) of a note you will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other taxable disposition (other than accrued but unpaid stated interest which will be taxable as ordinary income to the extent not previously included in gross income) and your adjusted tax basis in the note.
Your adjusted tax basis in a note generally will equal the cost of the note to you. Any such gain or loss will generally be capital gain or loss and will be treated as long-term gain or loss if held from more than one year. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations under the Code.

Any gain or loss realized on the sale, exchange or other taxable disposition of a note generally will be treated as U.S.-source gain or loss, as the case may be. If any gain from the sale, exchange or other taxable disposition of notes is subject to foreign income tax, U.S. Holders may not be able to credit such tax against their U.S. federal income tax liability under the U.S. foreign tax credit limitations of the Code (because such gain generally would be U.S.-source income) unless such income tax can be credited (subject to applicable limitations) against U.S. federal income tax due on other income that is treated as derived from foreign sources. Alternatively, the U.S. Holder may deduct such taxes in computing taxable income for U.S. federal income tax purposes; *provided* that the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant taxable year.

U.S. Backup Withholding and Information Reporting

Information reporting requirements generally apply to payments of principal of, and interest on, a note and to proceeds of the sale or redemption of a note, to U.S. Holders (other than an exempt recipient). Backup withholding will be required on payments on a note to a U.S. Holder, other than an exempt recipient, if the U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements.

Backup withholding is not an additional tax. You generally will be entitled to credit any amounts withheld under the backup withholding rules against your U.S. federal income tax liability or to a refund of the amounts withheld provided the required information is furnished to the IRS in a timely manner.

In addition, certain U.S. Holders who are individuals are required to report information relating to an interest in the notes by filing IRS Form 8938, Statement of Specified Foreign Financial Assets, with their U.S. federal income tax return, subject to certain exceptions (including an exception for notes held in accounts maintained by certain financial institutions). U.S. Holders should consult their tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of the notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of notes. Prospective purchasers of notes should consult their own tax advisors concerning the tax consequences of their particular situations.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

We, Oleoducto Central S.A., are a Colombian mixed capital company (*sociedad de economía mixta*) duly established and validly existing as a capital stock corporation (*sociedad anónima*) under the laws of Colombia, all of our directors and executive officers reside outside the United States and all of our assets and all or a substantial portion of the assets of these persons are located outside of the United States. As a result, although we have appointed an agent for service of process in the United States, it may not be possible for you to effect service of process within the United States upon us or these persons or to enforce against us or them judgments in U.S. courts obtained in such courts, including those predicated upon the civil liability provisions of the U.S. federal securities laws. Colombian courts will determine whether to enforce a U.S. judgment through a proceeding known as *exequatur*.

The Colombian Supreme Court (*Corte Suprema de Justicia de Colombia*) (or the competent court pursuant to an international treaty at the time of the filing of the request) has jurisdiction over proceedings involving the enforcement of a U.S. judgment predicated on the U.S. securities laws through a procedure known under Colombian law as "*exequatur*." If the *exequatur* has been granted, and if the judicial decision imposes an obligation to pay a sum of money or to comply with certain obligations, an executive judicial proceeding (*proceso ejecutivo*) before a local court is available. Such a proceeding would follow the same rules applicable for the enforcement of local judicial decisions.

Colombian courts will recognize and enforce a foreign judgment without reconsideration of the merits, only if the judgment satisfies the following requirements as set out in Articles 605 through 607 of Law 1564 of 2012 (*Código General del Proceso*), which provide that the foreign judgment will be enforced if:

- there is an international treaty between Colombia and the country where the judgment was granted relating to the recognition and enforcement of foreign judgments or, in the absence of such treaty, there is reciprocity in the recognition of foreign judgments between the courts of the relevant jurisdiction and the courts of Colombia;

- the foreign judgment does not relate to *in rem* rights vested in assets that were located on Colombian territory at the time of the commencement of the proceedings in the foreign court which issued the judgment;

- the foreign judgment does not contravene or conflict with Colombian public policy rules except procedural laws;

- the foreign judgment is final and not subject to appeal under the laws of the country in which it was obtained;

- the foreign judgment does not relate to any matter within the exclusive jurisdiction of Colombian courts;

- no proceedings are pending in Colombia with respect to the same cause of action, and no final judgment has been awarded in any proceeding in Colombia on the same subject matter and between the same parties;

- in the proceeding commenced before the foreign court that issued the judgment, the defendant was duly served in accordance with the laws of such jurisdiction and in a manner reasonably designed to give the defendant an opportunity to present his case and defense; and

- legal requirements pertaining to the *exequatur* proceedings have been observed.

A duly legalized copy of the judgment, together with an official translation into Spanish if the judgment is issued in a foreign language, shall be submitted to the Colombian Supreme Court (or the competent court pursuant to an international treaty at the time of filing of the request).

Once the foreign judgment is recognized by the competent court its enforcement can be obtained through collection proceedings. This implies for the interested party in obtaining the recognition and enforcement of a foreign judgment facing two different local proceedings (the *exequatur* proceedings and the collection proceedings) and to assume the costs and expenses that these proceedings involve.

The United States and Colombia do not have a bilateral treaty providing for automatic reciprocal recognition and enforcement of judgments in civil and commercial matters. The Colombian Supreme Court has accepted that reciprocity exists when it has been proven that either a U.S. court has enforced a Colombian judgment or that a U.S. court would enforce a foreign judgment, including a judgment issued by a Colombian court. However, the Colombian legal system is not based on precedents and *exequatur* decisions are made on a case-by-case basis.

The parties to the proceeding in which the foreign judgment was issued must be duly summoned in the *exequatur* proceedings. During the course of the *exequatur* proceedings an evidentiary stage will take place to allow the parties to present their evidence in connection with the requirements listed above. In addition, before the judgment is rendered, each party is entitled to file closing arguments to support their case regarding the abovementioned requirements. Notwithstanding the foregoing, Law 1564 of 2012 does not provide for a re-examination or re-litigation of the merits of the original action during the *exequatur* proceedings.

Assuming that a foreign judgment complies with the standards set forth in the preceding paragraphs, and in the absence of any condition referred to above which would render a foreign judgment not subject to recognition under Colombian law, such foreign judgment would be enforceable in Colombia through a collection proceeding under the laws of Colombia, provided that the Colombian Supreme Court (or the competent court pursuant to an international treaty at the time of the filing of the request) has previously granted *exequatur* upon the foreign judgment. Notwithstanding the foregoing, we cannot assure that Colombian courts would enforce a foreign judgment with respect to the Offer based on U.S. securities laws.

Proceedings before Colombian courts are conducted in Spanish. Collection proceedings for enforcement of a money judgment by attachment or execution against any assets or property located in Colombia are within the exclusive jurisdiction of Colombian courts.

NOTWITHSTANDING THE FOREGOING, WE CANNOT ASSURE YOU THAT A COLOMBIAN COURT WOULD RECOGNIZE OR ENFORCE A JUDGMENT ISSUED BY A STATE OR FEDERAL COURT IN THE UNITED STATES WITH RESPECT TO THE NOTES BASED ON U.S. SECURITIES LAWS. WE HAVE BEEN ADVISED BY OUR COLOMBIAN COUNSEL THAT THERE IS NO LEGAL BASIS FOR A COLOMBIAN COURT TO EXERT JURISDICTION OVER ORIGINAL ACTIONS TO BE BROUGHT AGAINST US OR OUR DIRECTORS AND EXECUTIVE OFFICERS PREDICATED SOLELY UPON THE PROVISIONS OF U.S. SECURITIES LAWS. IN ADDITION, CERTAIN REMEDIES AVAILABLE UNDER U.S. SECURITIES LAWS MAY NOT BE ADMITTED OR ENFORCED BY COLOMBIAN COURTS.

LEGAL MATTERS

The validity of the notes offered and sold in this offering will be passed upon for the issuer by Shearman & Sterling LLP, and for the initial purchasers by Davis Polk & Wardwell LLP. Matters of Colombian law relating to the notes will be passed upon for the issuer by Brigard Urrutia Abogados S.A.S., and for the initial purchasers by Gómez-Pinzón Abogados S.A.S.

INDEPENDENT ACCOUNTANTS

Our financial statements as of December 31, 2019, 2018 and 2017 included in this listing memorandum have been audited by Ernst & Young Audit S.A.S. independent accountants, as stated in their report appearing herein.

LISTING AND GENERAL INFORMATION

1. The notes have been accepted for clearance and settlement through DTC, Euroclear and Clearstream. Our LEI code is 254900W4CPYCQFVH5E92. The CUSIP number, International Security Identification Number, or ISIN, and common code for the notes are as follows:

	Restricted Global Note	Regulation S Global Note
CUSIP	680617 AC1	P7358R AD8
ISIN	US680617AC18	USP7358RAD81
Common Code	220679667	220679691

2. Copies of the issuer's latest audited annual financial statements, and copies of its by-laws, as well as the indenture (including forms of notes), will be available (at our expense) at the offices of any paying agent, including the Luxembourg listing agent.

3. Except as disclosed in this listing memorandum, there has been no material adverse change in our financial position or prospects since March 31, 2020, the date of our latest unaudited financial information included in this listing memorandum.

4. We have applied to list and admit the notes for trading on the Euro MTF Market of the Luxembourg Stock Exchange. We will comply with any undertakings assumed or undertaken by us from time to time to the Euro MTF Market of the Luxembourg Stock Exchange in connection with the notes, and we will furnish to them all such information as the rules of the Euro MTF Market of the Luxembourg Stock Exchange may require in connection with the listing of the notes.

5. Our indebtedness is subject to oversight by the Colombian government. We have obtained all required consents and approvals from the relevant Colombian governmental and regulatory agencies in connection with the offering and the issuance of the notes, including the prior approval from the Ministry of Finance and Public Credit for the issuance of the notes. Accordingly, (i) the issuance of the notes was authorized by our board of directors on June 15, 2020, (ii) we received preliminary authorization from the Ministry of Finance and Public Credit pursuant to which the Company has been authorized to take all actions in connection with the incurrence of certain foreign indebtedness, by means of Resolution 1378, dated July 3, 2020 and (iii) definitive authorization was granted by the Ministry of Finance and Public Credit, pursuant to Resolution 1381 dated July 6, 2020, for the issuance and sale of the notes and the execution and performance of the documents required to consummate the offering.

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Oleoducto Central S.A.

Condensed interim financial statements
(Unaudited)

Periods of three months ended March 31, 2020 and 2019

Oleoducto Central S.A.

Condensed Interim Financial Statements

Periods of three months ended March 31, 2020 and 2019

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Report on review of Interim Condensed Financial Statements

To the Shareholders' Meeting of:
Oleoducto Central S.A.

Introduction

I have reviewed the accompanying interim condensed financial statements of Oleoducto Central S.A. as of March 31, 2020 which comprise the condensed interim statement of financial position as of March 31, 2020 and the related condensed interim statements of income and comprehensive income, changes in shareholders' equity and cash flows for the three-month periods ended March 31, 2020 and 2019 ended and a summary of the most important accounting policies and explanatory notes.

Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with the accounting and financial information standards accepted in Colombia included in International Accounting Standard 34 (Interim financial information) and the statements of the National Accounting Office (Contaduría General de la Nación) for Government entities. My responsibility is to express a conclusion on this interim condensed financial statements based on my review.

Scope of Review

I conducted my review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" adopted in Colombia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing adopted in Colombia and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with the accounting and financial information standards accepted in Colombia included in international accounting standard 34 (Interim financial information)and the statements of the National Accounting Office (Contaduría General de la Nación).

Daniel Alejandro Tortorella
Independent Auditor
Professional Card 232998-T
Designated by Ernst & Young Audit S.A.S. TR–530

Bogotá, Colombia
June 22, 2020

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Oleoducto Central S.A.

Condensed Interim Statements of Financial Position

(In thousands of US dollars)

	Notes	March 31, 2020		December 31, 2019	
		(Unaudited)			
Assets					
Current assets					
Cash and cash equivalents	6	**US$**	**243,024**	US$	441,076
Trade debtors and other accounts receivable, net	7		**132,148**		150,570
Inventories	8		**35,264**		38,228
Other non-financial assets	9		**4,035**		3,176
			414,471		633,050
Non-current assets					
Trade debtors and other accounts receivable, net	7		**2,092**		2,697
Other non-financial assets	9		**582**		620
Property, plant and equipment, net	10		**1,451,865**		1,486,615
Intangibles, net	11		**53,917**		53,944
Rights-of-use	12		**15,231**		11,642
Deferred tax assets	15		**2,685**		-
			1,526,372		1,555,518
Total assets		**US$**	**1,940,843**	US$	2,188,568
Liabilities and equity					
Current liabilities					
Debts and loans bearing interest	13	**US$**	**27,116**	US$	23,953
Trade accounts and other accounts payable	14		**51,220**		111,084
Tax liabilities	15		**190,287**		174,282
Derivative financial instruments	16		**74,940**		411
Other liabilities	17		**2,398**		3,568
Provisions and contingencies	18		**1,630**		2,135
			347,591		315,433
Non-current liabilities					
Debts and loans bearing interest	13		**493,045**		489,519
Trade accounts and other accounts payable	14		**3,996**		4,400
Tax liabilities	15		**1,576**		1,557
Deferred tax liabilities	15		**–**		64,879
Other liabilities	17		**755**		904
Provisions and contingencies	18		**25,796**		50,005
			525,168		611,264
Total liabilities			**872,759**		926,697
Equity	19				
Subscribed and paid-in capital			**81,714**		81,714
Legal reserve			**40,858**		40,858
Accumulated profits			**881,471**		1,045,088
Other comprehensive income			**64,041**		94,211
Total equity			**1,068,084**		1,261,871
Total liabilities and equity		**US$**	**1,940,843**	US$	2,188,568

See accompanying notes.

Oleoducto Central S.A.

Condensed Interim Statements of Income and Comprehensive Income

(In thousands of US dollars, except net profit per share, expressed in dollars)

	Notes		Three-month period ended March 31 2020		2019
			(Unaudited)		
Revenues from ordinary activities	20	**US$**	**362,954**	US$	366,579
Cost of sales	21		**(60,101)**		(70,960)
Gross profit			**302,853**		295,619
Operations and project expenses	22		**(3,071)**		(3,233)
Administrative expenses	23		**(5,553)**		(5,824)
Other operating income, net	24		**143**		42,395
Operating profit			**294,372**		328,957
Financial (costs) income, net	25		**24,828**		16,114
Profit before income tax			**319,200**		345,071
Income tax expense	15		**(74,341)**		(119,713)
Net profit of the period			**244,859**		225,358
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss (net of tax)					
Net gain (loss) for cash flow hedges			**(41,164)**		5,323
Items that will not be reclassified to profit or loss					
Effect on currency translation			**10,994**		(1,264)
Other comprehensive income			**(30,170)**		4,059
Total net comprehensive income for the period			**214,689**		229,417
Net profit of the period per share		**US$**	**47.46**	US$	43.68

See accompanying notes.

Oleoducto Central S.A.

Condensed Interim Statements of Changes in Shareholders' Equity

(In thousands of US dollars)

	Subscribed and Paid-in Capital		Legal Reserve		Other Comprehensive Income		Accu P
At December 31, 2018	US$	81,714	US$	40,858	US$	76,966	US$
Distribution of dividends		–		–		–	
Net profit of the period		–		–		–	
Other comprehensive income							
Net gain from cash flow hedges, net of tax		–		–		5,323	
Effect on currency translation		–		–		(1,264)	
At March 31, 2019 (Unaudited)	US$	81,714	US$	40,858	US$	81,025	US$
At December 31, 2019	US$	81,714	US$	40,858	US$	94,211	US$
Distribution of dividends		**–**		**–**		**–**	
Net profit of the period		**–**		**–**		**–**	
Other comprehensive income							
Net loss from cash flow hedges, net of tax		**–**		**–**		**(41,164)**	
Effect on currency translation		**–**		**–**		**10,994**	
At March 31, 2020 (Unaudited)	**US$**	**81,714**	**US$**	**40,858**	**US$**	**64,041**	**US$**

See accompanying notes.

Oleoducto Central S.A.

Condensed interim Statements of Cash Flows

(In thousands of US dollars)

	Three-month period ended March 31			
	2020		2019	
	(Unaudited)			
Operating activities				
Net profit of the period	**US$**	**244,859**	US$	225,358
Adjustments to reconcile net profit of the period with net cash flows provided from operating activities:				
Depreciation of property, plant and equipment		**23,182**		25,456
Consumption of materials and spare parts		**423**		1,884
Impairment accounts receivable		**25**		–
Loss on disposal of property, plant and equipment		**1**		8,866
Amortization of intangible assets		**1,056**		528
Amortization Rights-of-use		**2,503**		1,689
Additions provision and contingencies		**539**		–
Deferred taxes, net		**(37,377)**		4,872
Income tax expense		**111,718**		114,841
Financial income		**(3,224)**		(26,925)
Financial costs		**5,834**		5,836
Loss from exchange difference		**(27,589)**		4,848
Changes in operating assets and liabilities				
Decrease of trade debtors and other accounts receivable		**15,997**		8,530
(Increase) of other assets		**(1,019)**		(2,369)
Decrease inventories		**2,928**		4,966
(Decrease) of trade accounts and other accounts payable		**(55,569)**		(19,895)
(Decrease) increase tax liabilities		**(12,596)**		8,352
Increase (decrease) derivative financial instruments, net		**14,172**		(3,800)
(Decrease) of Provisions and contingencies		**(778)**		–
(Decrease) of revenues received in advance		**(1,241)**		(1,031)
Interest received		**3,224**		26,925
Income tax paid		**(66,515)**		(87,193)
Cash provided from operating activities		**220,553**		301,738
Investing activities				
Acquisition of property, plant and equipment		**(3,666)**		(5,693)
Acquisition of intangibles		**(1,029)**		(1,365)
Cash used in investing activities		**(4,695)**		(7,058)
Cash used in financing activities				
Payments of liabilities from financial leasing		**(3,298)**		(2,558)
Dividends paid		**(406,581)**		(354,489)
Cash used in financing activities		**(409,879)**		(357,047)
Net decrease of cash and cash equivalents		**(194,021)**		(62,367)
Effect of the variation in exchange rates on cash and cash equivalents maintained in foreign currency		**(4,031)**		(1,003)
Cash and cash equivalents at the beginning of the period		**441,076**		239,422
Cash and cash equivalents at the end of the period	**US$**	**243,024**	US$	176,052

See accompanying notes.

Oleoducto Central S. A.

Notes to Condensed Interim Financial Statements

Periods of three months ended March 31, 2020 and 2019
(All amounts are expressed in thousands of dollars, except foreign currency amounts, exchange rates and the par value of the share).

1. Reporting Entity

Oleoducto Central S.A. (hereinafter Ocensa or the Company) is a mixed economy company incorporated under the laws of Colombia, by means of public deed No. 4747 dated December 14, 1994 of Notary 38 of the Circle of Bogotá D.C, with a term of office until December 31, 2093 and whose corporate purpose includes designing, constructing, operating, managing, commercially exploiting and owning an oil transportation system (pipeline) for public use and related facilities, without any limitation, whose starting point is located at the Cusiana and Cupiagua stations, department of Casanare, and whose final point is located at the Coveñas port of embarkation located in the jurisdiction of the municipalities of San Antero, department of Córdoba and Coveñas, department of Sucre; as well as to design, build, operate and manage ports or maritime oil terminals and to provide, directly or indirectly, services related to port operations, especially storage, land and maritime handling, transportation and loading of crude oil and to provide other services related to the activity of transporting crude oil by pipeline.

The pipeline consists of nine pumping or booster stations, a pressure reducing station, a marine terminal, 836 kilometers of pipeline on land and 12 kilometers at sea, two bases for the coordination of maintenance activities and a control center. To carry out the transport operation, there is a communication system that allows total control of the operation through instruments located along the pipeline and in the stations. This allows for the control of the availability of the crude oil, its location and the verification of the commitments in crude oil transportation. The address of the main office of Oleoducto Central S.A., is Bogotá - Colombia. Ecopetrol is the parent company and exercises control over the Company through Cenit Transporte y Logística de Hidrocarburos S.A.S.

2. Basis of Preparation and Presentation

2.1. Statement of Compliance and Authorization of the Financial Statements

The financial information contained in this report has been prepared in accordance with “IAS 34- Interim financial reporting”. These financial statements do not include all information and disclosures required in the annual financial statements and therefore should be read in conjunction with the annual financial statements and notes, issued as at December 31, 2019.

The condensed interim financial statements are unaudited and in the management opinion, include all necessary adjustments for a fair presentation of the results of each period.

Ocensa prepares its financial statement accordance with the Accounting and Financial Information Standards Accepted in Colombia (NCIF, as its acronym in Spanish), based on International Financial Reporting Standards (IFRS), together with their interpretations, conceptual reference framework, conclusion bases and application guidelines authorized and issued by the International Accounting Standards Board (IASB) as established by decree 2615 of December 17, 2014, decree 2420 of December

14, 2015, amended by decree 2496 of December 23, 2015; and decree 2131 of 2016, 2170 of 2017 and 2483 of 2018; and other legal provisions applicable to entities supervised and/or controlled by the National Accounting Office (Contaduría General de la Nación) that may differ in certain aspects from those established by other Goverment control bodies.

2.1. Statement of Compliance and Authorization of the Financial Statements (continued)

The financial information presented herein has been prepared in accordance with the accounting policies expected to be used in the preparation of the financial statements as at December 31, 2019, which do not differ significantly from those used in the previous year.

These financial statements were approved by the Company's Management on Jun 18, 2020.

2.2. Basis of Measurement

The Company's financial statements have been prepared based on the historical cost, except for the accompanying financial assets and liabilities at fair value with changes in results and/or changes in other comprehensive income, that are valued at their fair value at each period closing, as explained in the accounting policies included hereinafter.

In general, the historical cost is based on the fair value of the valuable consideration granted in lieu of assets and services. Fair value is the price that would be received upon selling an asset or paid upon transferring a liability in an ordered transaction between market participants at the measurement date. Upon estimating the fair value, the Company uses the assumptions that market participants would use upon setting the price of the asset or liability in present market conditions, including assumptions on the risk.

2.3. Functional and Presentation Currency

Items included in these financial statements are initially valued in the functional currency which is the U.S. dollar, that is the currency of the main economic environment the Company operates in and in addition the one in which it regularly generates and uses cash. The presentation currency is the U.S. dollar.

2.4. Foreign Currency

Upon preparing the financial statements, transactions in a currency other than the Company's functional currency are recorded using current exchange rates on the dates operations take place. At the end of each period, monetary items in foreign currency are translated at current exchange rates in force on that date and variations arising in the translation are recognized in the net financial result, except those resulting from hedging instruments of cash flows, which are recognized in other comprehensive income, within equity. When the hedged items affect results, exchange differences accumulated in equity are reclassified to the statement of profits and losses as part of the operation result.

Non-monetary items recorded at fair value, denominated in foreign currency, are translated at the exchange rate in force on the date the fair value was determined.

Profits and losses from exchange differences related to loans, and cash and cash equivalents are presented in the income statement account in line entitled "Financial income or financial expense." Remaining losses and gains from exchange differences are presented as exchange difference.

2.5. Classification of Assets and Liabilities as Current and non-Current

The Company presents assets and liabilities in the statement of financial position based on its current or non-current classification. An asset is current when:

2.5. Classification of Assets and Liabilities as Current and non-Current (continued)

- It is estimated that it will be cancelled, or the expectation is that it will be sold or consumed in the normal operating cycle of the business.
- It is mainly maintained for purposes of being negotiated.
- The expectation is that it will be realized within twelve months following the reporting date; or,
- It is cash or cash equivalent unless it is restricted to be exchanged or used to pay a liability for at least twelve months from the reporting date.

All other liabilities are classified as non-current.

A liability is current when:

- It is estimated that it will be settled in the normal operating cycle of the business.
- It is maintained mainly in order to be negotiated.
- It is expected that it will be cancelled within the twelve months subsequent to the reporting date; or,
- There is no unconditional right to defer the payment of the liability for a least twelve months subsequent to the reporting date.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6. Accounting Period

According to its bylaws, the Company prepares statutory financial statements for six-month periods ending June 30 and December 31 of each year. The condensed interim financial statements as of March 31, 2020 and for the three-month periods ended March 31, 2020 and 2019 are special purpose and have been prepared solely to support the intended bonds issuance by the Company in the international capital markets. As a result, these financial statements may not be suitable for other purposes.

3. Judgments, Estimates, and Significant Accounting Assumptions

The Company's preparation of the financial statements requires that the Company's Management make judgments, estimates and assumptions to quantify some of the assets, liabilities, income, expenses and commitments recognized in the financial statements and their disclosures. These estimates have been made based on the best available information on the facts analyzed, management experience and other factors. Uncertainty about assumptions and estimates could result in future material changes that affect the value of assets or liabilities. Changes to these estimates are recognized prospectively in the period in which the estimate is revised.

In the course of 2020, there have been no changes in the significant accounting estimates and judgments used in the preparation of the financial statements as at December 31, 2019.

4. Accounting Policies

The Company's main accounting policies are described in the accounting policies section of the financial statements as of December 31, 2019 and have been applied consistently for the period comprising these condensed interim financial statements, except for the adoption of new standards effective as of January 1, 2020, these new standards have no impact on the company's financial statements.

The interim financial statements do not include all the information and disclosures required in the annuals, and therefore should be read in conjunction with the separate financial statements December 31, 2019.

5. New Standards and Regulatory Changes

5.1. New Standards Adopted by the Company, Effective as of January 1, 2020

- Amendments to IFRS 3 - Definition of a business: to help companies determine if a set of activities and acquired assets are considered a business or not. The minimum requirements to determine if it is a business are clarified, the evaluation of whether market participants are capable of replacing any missing element is eliminated, an orientation is included to help companies evaluate if an acquired process is substantive, they are restricted the definitions of a business and products; and an optional fair value concentration test is introduced. New illustrative examples are provided in conjunction with these amendments.

  These changes should be applied to transactions that are business combinations or asset acquisitions, for which the acquisition date is January 1, 2020 or later. Consequently, the Company do not have to review transactions that occurred in prior periods.

- Amendments to IAS 1 and IAS 8 - Definition of material: The new definition establishes that, "Information is material if its omission or distortion is expected to influence the decisions that the main users of the financial statements make". The amendments clarify that the materiality will depend on the nature and / or the magnitude of the information. A company will need to assess whether the information, either individually or in combination with another, is material in the context of the financial statements.

  The amendments explain that the information is hidden if it is communicated in a way that has an effect similar to that of omitting or misinforming. Material information may, for example, be hidden if it is dispersed in the financial statements with respect to a material element, transaction or other event, or it is disclosed in ambiguous or unclear language. Material information can also be hidden if elements, transactions or other events are improperly added, or, conversely, if similar elements are incorrectly disaggregated.

- Amendments to IFRS 9 and IAS 39 - Interest rate benchmark reform: A number of exemptions are provided that apply to all hedging relationships directly affected by changes in benchmark interest rate indices. A hedging relationship is affected if the change in the indices creates uncertainty about the timing and / or amount of cash flows of the hedged item or the hedging instrument. These amendments have no impact on the company's financial statements since it currently has no interest rate hedging.

5.1. New standards Adopted by the Company, Effective as of January 1, 2020 (continued)

The revised conceptual framework for financial reporting: The IASB issued the revised Conceptual Framework in March 2018. It establishes a comprehensive set of concepts for financial reporting, setting standards, guidance for preparers in policy definition consistent accountants and assisting others to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities, and clarifies some important concepts.

Changes to the conceptual framework may affect the application of IFRS in situations where a standard does not apply to a particular transaction or event. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after January 1, 2020.

Amendments to IAS 28 - Long-term investments in associates and joint ventures: clarify that an entity should apply IFRS 9 Financial Instruments to long-term investments in associates or joint ventures to which the equity method does not apply.

5.2. New Standards Issued by the IASB that Will Enter into Force in Future Periods

Ocensa is constantly monitoring changes in local accounting regulations in order to assess the possible impacts that the new standards issued by the international organization may generate in their adoption in Colombia.

6. Cash and Cash Equivalents

	March 31, 2020 (Unaudited)	December 31, 2019
Banks	**US$ 191,386**	US$ 87,667
Term deposit certificates	**50,000**	350,919
Trusts	**1,584**	2,474
National tax refund securities (TIDIS)	**43**	3
Cash	**11**	13
	US$ 243,024	US$ 441,076

The fair value of cash and cash equivalents approximates their carrying value due to their short-term nature (less than three months) and their high liquidity. As of March 31, 2020, cash has a restriction due to the embargo of the municipality of San Antero as follows US$57.09 (As of December 31, 2019, US$70.79) in the account of Banco de Bogotá.

7. Trade Debtors and Other Accounts Receivable, net

	March 31, 2020 (Unaudited)		December 31, 2019	
Related parties (*Note 27.1*)	**US$**	**106,890**	US$	127,644
Trade accounts receivable		**15,131**		11,425
Transport tax receivable		**5,608**		7,016
Others debtors		**4,742**		4,722
Accounts receivable from employees (1)		**1,869**		2,460
	US$	**134,240**	US$	153,267
Trade debtors and other accounts receivable- current	**US$**	**132,148**	US$	150,570
Trade debtors and other accounts receivable- non-current	**US$**	**2,092**	US$	2,697

(1) The Company granted the administration, handling and control of loans to employees to Fiduciaria Alianza S.A., which manages the detail by employee of those loans and their respective conditions. Loans to employees are considered financial assets and are recognized at their fair value.

	March 31, 2020 (Unaudited)		December 31, 2019	
Impairment of receivables				
At the beginning of the period	**US$**	**198**	US$	199
Impairment losses(recovery) recognized in profit or loss		**25**		7
Write-offs		**(29)**		–
Difference in currency exchange		**(36)**		(8)
At the end of the period	**US$**	**158**	US$	198

The carrying value of trade and other accounts receivable approximates their fair value.

8. Inventories, net

	March 31, 2020 (Unaudited)		December 31, 2019	
Fuels and petrochemicals	**US$**	**22,901**	US$	26,039
Materials for service provision		**12,363**		12,189
	US$	**35,264**	US$	38,228

The accumulated impairment was US$598 as of December 31, 2019 and March 31,2020.

9. Other non- Financial Assets

	March 31, 2020 (Unaudited)		December 31, 2019	
Prepaid expenses	**US$**	**3,502**	US$	2,736
Supplier advances (1)		**533**		440
	US$	**4,035**	US$	3,176

9. Other non- Financial Assets (continued)

	March 31, 2020 (Unaudited)		December 31, 2019	
Prepaid expenses non-current	**US$**	**582**	US$	620
	US$	**4,61**	US$	3,796

(1) Includes prepaid to suppliers as part of the acquisition of goods and services.

10. Property, Plant and Equipment, Net

		Plant and Equipment		Pipeline		Work in Progress (1)		Buildings		Land
Acquisition cost										
At December 31, 2019	US$	622,778	US$	1,689,549	US$	43,177	US$	76,917	US$	21,362
Additions		–		–		1,176		–		–
Capitalization		648		3,811		(4,554)		95		–
Consumption of materials and spare parts		–		–		–		–		–
Sales and retirements		–		(1)		–		–		–
Update of the abandonment cost rate		–		(14,838)		–		–		–
Transfers (3)		198		(323)		(68)		–		–
At March 31, 2020 (Unaudited)	US$	623,624	US$	1,678,198	US$	39,731	US$	77,012	US$	21,362
Depreciation and impairment provision										
At December 31, 2019	US$	(106,722)	US$	(866,849)	US$	–	US$	(14,580)	US$	–
Charge for period depreciation		**(7,494)**		**(14,844)**		**–**		**(738)**		**–**
Transfers (3)		**(3)**		**3**		**–**		**–**		**–**
At March 31, 2020 (Unaudited)	**US$**	**(114,219)**	**US$**	**(881,690)**	**US$**	**–**	**US$**	**(15,318)**	**US$**	**–**
Net carrying value										
At December 31, 2019	US$	516,056	US$	822,700	US$	43,177	US$	62,337	US$	21,362
At March 31, 2020 (Unaudited)	**US$**	**509,405**	**US$**	**796,508**	**US$**	**39,731**	**US$**	**61,694**	**US$**	**21,362**

10. Property, Plant and Equipment, Net (continued)

(1) Construction Work-in-Progress

The balance as of March 31, 2020, includes main investments made in the projects, such as Replacement of Equipment El Porvenir, Lazos Mov, minor equipment changes, SCADA III. Major maintenance and excavations. Adaptation and Measurement of Vibrations in the unloading Unloading platform, Cusiana VFD Project, Optimization of the unloading platform, Maintenance Control Center, and other minor projects, these projects were also in progress as of December 31, 2019.

In the first quarter of 2020, we performed capitalizations on the following projects: SIPRA, AD600, major maintenance on the BPC42040 engine in Caucasia, major maintenance on the 5200 Miraflores tank engine, excavation and work over relief, and upgrade of the control room controllers.

Additionally, some projects and maintenance are in the process of being completed and are expected to be completed during the second quarter of 2020.

(2) Others

Includes spare parts, office equipment, computers and telecommunications equipment, shipping, and river equipment. There are no commitments and/or restrictions on acquisitions of property, plant, and equipment.

(3) Transfers

The net transfer to property, plant, and equipment as of March 31, 2020, amounted to US$ 28 from inventory.

Impairment

As of March 31, 2020, the Company evaluated whether there are impairment indicators at the cash-generating unit level by conducting a qualitative analysis, which verified external variables such as the legal, economic, technological, market environment and internal variables such as useful life, obsolescence and/or physical impairment, as well as changes in current contracts. See note 28 for further disclosure on the potential impacts of the COVID 19 pandemic.

The aggregation of assets, to identify CGUs, is consistent with respect to the previous period.

11. Intangibles, Net

	Licenses and Software	Service Concession Agreement	Agreement Gas Transmission	Total
Acquisition cost				
At December 31, 2019	US$ 12,339	US$ 93,276	US$ 5,610	US$ 111,225
Additions	**16**	**1,013**	**–**	**1,029**
Transfers	**342**	**(342)**	**–**	**–**
At March 31, 2020 (Unaudited)	**US$ 12,697**	**US$ 93,947**	**US$ 5,610**	**US$ 112,254**

11. Intangibles, Net (continued)

	Licenses and Software		Service Concession Agreement		Agreement Gas Transmission		Total	
Amortization								
At December 31, 2019	US$	(9,384)	US$	(47,362)	US$	(535)	US$	(57,281)
Charge for period amortization		**(290)**		**(696)**		**(70)**		**(1,056)**
At March 31, 2020 (Unaudited)	**US$**	**(9,674)**	**US$**	**(48,058)**	**US$**	**(605)**	**US$**	**(58,337)**
Net carrying value								
At December 31, 2019	US$	2,955	US$	45,914	US$	5,075	US$	53,944
At March 31, 2020 (Unaudited)	**US$**	**3,023**	**US$**	**45,889**	**US$**	**5,005**	**US$**	**53,917**

Service Concession Agreement

On March 31, 2020, the value of the fixed portion of the compensation climb up to US$5,322 for the 16.68 years, which was discounted at a risk-free rate of 0.0% in U.S. dollars, taken from the U.S. Treasury, which was recognized as an intangible asset and a financial liability. The intangible will be amortized on a straight-line basis over the term of the concession (20 years), and the liability will be restated annually by interest, and the installments paid will be amortized. The balance of the financial liability as of March 31, 2020, was US$4,468 and US$6,044 as of December 31, 2019.

12. Rights-of-Use

	Land		Constructions and Buildings		Machinery and Equipment		Vehicles		Total	
At December 31, 2019	US$	331	US$	4,903	US$	6,217	US$	8,951	US$	20,402
Additions		**–**		**–**		**1,570**		**2,058**		**3,628**
Remeasurements (1)		**24**		**54**		**674**		**1,712**		**2,464**
At March 31, 2020 (Unaudited)	**US$**	**355**	**US$**	**4,957**	**US$**	**8,461**	**US$**	**12,721**	**US$**	**26,494**

	Land		Constructions and Buildings		Machinery and Equipment		Vehicles		Total	
Amortization										
At December 31, 2019	US$	(14)	US$	(827)	US$	(2,679)	US$	(5,240)	US$	(8,760)
Charge for period amortization		**(3)**		**(207)**		**(855)**		**(1,438)**		**(2,503)**
At March 31, 2020 (Unaudited)	**US$**	**(17)**	**US$**	**(1,034)**	**US$**	**(3,534)**	**US$**	**(6,678)**	**US$**	**(11,263)**
Net amount in books										
At December 31, 2019	US$	317	US$	4,076	US$	3,538	US$	3,711	US$	11,642
At March 31, 2020 (Unaudited)	**US$**	**338**	**US$**	**3,923**	**US$**	**4,927**	**US$**	**6,043**	**US$**	**15,231**

(1) Corresponds to the update of the consumer price index and / or extensions of contracts.

13. Debts and Loans Bearing Interest

Composition of Loans		**March 31, 2020**		**December 31, 2019**
		(Unaudited)		
Short-term loans				
Interest payable for external public credit	**US$**	**20,000**	US$	20,000
Rights-of-use		**7,116**		3,953
	US$	**27,116**	US$	23,953
Long-term loans				
External Public Credit Bonds	**US$**	**486,932**	US$	481,723
Rights-of-use		**6,113**		7,796
		493,045		489,519
	US$	**520,161**	US$	513,472

Long-Term External Public Credit Bonds

By means of Resolution 1369 of April 29, 2014, the Ministry of Finance and Public Credit authorized the Company to subscribe, issue and place External Public Debt Bonds, under Rule 144 A / S Registration of the United States of America Securities Act, in international capital markets for up to five hundred million dollars of the United States of America (US$500,000,000) in order to finance the needs of investment of future expansion projects (Potency 135 and Warming).

The characteristics, term and conditions are as follows:

- Redemption term: 7 years, with a maturity date until May 7, 2021
- Issue price: 99.367%
- Amortization: Upon maturity
- Yield at maturity: 4.105%
- Denomination currency: Denominated in dollars of the United States of America (US$)
- Interest rate: Fixed, in accordance with market conditions prevailing on the bonds placement date, thus complying with the maximum limits for the external indebtedness interest rates defined by the Central Bank.
- Denominations US$200,000 and integral multiples of US$1,000
- Listed in: Luxembourg Stock Exchange

The variation of this obligation for both periods corresponds to the recognition in the statement of interest results by the effective interest rate method, and includes the exchange difference generated by the conversion of the debt from functional currency to presentation currency.

Below is the fair value of bonds (Unaudited figures):

		March 31, 2020		**December 31, 2019**
		(Unaudited)		
Fair Value	**US$**	**485,775**	US$	510,105

13. Debts and Loans Bearing Interest (continued)

Long-Term External Public Credit Bonds (continued)

Loans are recorded in the financial statements at their amortized cost, which corresponds to the present value of cash flows, discounted at the effective interest rate.

For the measurement at fair value bonds were valued using as source the Bloomberg methodology. Bloomberg.

Article 28 of External Resolution No. 8 of 2000 of the Board of Directors of the Central Bank establishes that interest rates of foreign currency credits, including securities placed in international markets, should reflect market conditions and may not exceed the maximum rate applicable generally indicated by the Central Bank.

Payment dates of interest will be May 7 and November 7 of each year, starting on November 7, 2014.

Issue date: May 7, 2014; T+5, gross value: US$496,835,000; rate: 4.000%, determined on a 30/360-day basis.

Loans Maturity Profile

The loans maturity profile is described below:

	Up to 1 Year		1 – 5 Years		> 5 Years		Total	
At March 31, 2020 (Unaudited)								
External Public Credit Bonds	**US$**	**20,000**	**US$**	**486,932**	**US$**	**–**	**US$**	**506,932**
Rights-of-use		**7,116**		**5,778**		**335**		**13,229**
	US$	**27,116**	**US$**	**492,710**	**US$**	**335**	**US$**	**520,161**

14. Trade Accounts and Other Accounts Payable

	March 31, 2020 (Unaudited)		December 31, 2019	
Suppliers and accounts payable (1)	**US$**	**45,571**	US$	100,379
Withholding tax		**4,984**		3,803
Related parties (*Note 27.1*)		**3,109**		8,424
Withholdings and payroll contributions		**767**		1,650
Employees fringe benefits		**702**		910
Industry and commerce tax withholdings		**83**		318
	US$	**55,216**	US$	115,484
Trade accounts and other accounts payable, short term	**US$**	**51,220**	US$	111,084
Trade accounts and other accounts payable, long term	**US$**	**3,996**	US$	4,400

(1) The accounting value of trade accounts and other accounts payable is close to its fair value due to its short-term nature.

Oleoducto Central S.A.

Notes to Financial Statements

15. Tax Liabilities (Assets)

Below is the detail of the current taxes:

	March 31, 2020 (Unaudited)	December 31, 2019
Income tax balance, net	**US$ 178,851**	US$ 167,117
Other taxes (*)	**11,436**	7,165
	US$ 190,287	US$ 174,282

(*) Corresponds to Sales Tax, Industry and Trade and Transportation Tax.

Below is the detail of the Current tax and/or (credit balance):

	March 31, 2020 (Unaudited)	December 31, 2019
Provision for income tax (1)	**US$ 100,149**	US$ 408,374
Income tax 2019 (2)	**84,706**	–
Less:		
Income tax advance	**–**	209,891
Withholding tax balance in favor	**5,992**	30,701
ICA discount paid	**12**	70
VAT discount paid	**–**	595
Liabilities payable for income tax	**US$ 178,851**	US$ 167,117

(1) The difference between the provision for income tax and surtax and the provision for income tax of the year is recorded in the exchange difference gain (loss), net.

(2) The income tax for the taxable year 2019 is payable in 3 installments (In February, April and June 2020). As of March 31, 2020, the Company has a income tax payable corresponding to the balance as of December 31, less the amount paid in February. This balance will be canceled in accordance with the Decree 520 of April 6, 2020.

Income Tax Expense

The main elements of income tax expense for the three-month period ended March 31, 2020 and 2019, are as follows:

	March 31, 2020	March 31, 2019
	(Unaudited)	
Income tax		
Provision for income tax of the period (1)	**US$ 111,689**	US$ 114,841
ICA tax discount paid	**(14)**	–
Hedges	**43**	–
	111,718	114,841
Deferred tax		
Deferred income tax	**(37,377)**	4,872
Total income tax expense	**US$ 74,341**	US$ 119,713

15. Tax Liabilities (Assets) (continued)

Reconciliation of the Effective Tax Rate

The main elements of income tax expense for the three-month period ended March 31, 2020 and 2019, are as follows:

	Period from			
	March 31, 2020		March 31, 2019	
	(Unaudited)			
	Values	Rates	Values	Rates
Accounting profit before tax	**US$319,200**	**–**	US$ 345,071	–
Income tax applying the Company's local tax rate	**102,144**	**32.00%**	113,873	33.00%
Non-deductible expenses (1)	**310**	**0.10%**	1,707	0.49%
Non-taxable revenues	**(2)**	**–**	(2)	–%
Conversion adjustments – dollar functional currency (2)	**(29,320)**	**(9.19%)**	3,505	1.02 %
Differential in rate – deferred tax	**1,180**	**0.37%**	630	0.18%
ICA tax discount	**(14)**	**–**	–	–
Hedges	**43**	**0.01%**	–	–
Tax profit before tax	**US$ 74,341**	**23.29%**	US$ 119,713	34.69%

1) Mainly composed of movements in portfolio allowances, inventory allowances, and asset write-offs.
2) In accordance with the concept CGN No.20162000000781 of 18 January 2016, of the General Accounts of the Nation and in application of the deferred tax recognition methodology, the conversion adjustment arising on monetary assets and liabilities generates a lower deferred tax expense and consequently a decrease in the effective tax rate. Therefore, the decrease in the conversion adjustment is due to the larger devaluation in the period January to March 2020, compared to the period January to March 2019.

Deferred Income Tax

Below is the detail of deferred tax assets and liabilities is the following:

	March 31, 2020		December 31, 2019	
	(Unaudited)			
Assets				
Accounts payable	**US$**	**41,829**	US$	13,616
Hedges		**23,860**		132
Provisions		**8,297**		15,161
Intangibles		**1,255**		878
Accounts receivable		**630**		1,281
Deferred tax asset	**US$**	**75,871**	US$	31,068
Liabilities				
Property, plant and equipment	**US$**	**(73,186)**	US$	(95,947)
Deferred tax liability		**(73,186)**		(95,947)
Net deferred tax	**US$**	**2,685**	US$	(64,879)

15. Tax Liabilities (Assets) (continued)

Deferred Income Tax (continued)

The net movement of deferred taxes during the period is the following:

	March 31, 2020 (Unaudited)		December 31, 2019	
Initial balance	**US$**	**(64,879)**	US$	(60,772)
Credit to statement of income (1)		**37,377**		150
Debit to other comprehensive income (2)		**19,193**		(7,077)
Translation adjustment		**10,994**		2,820
Ending balance	**US$**	**2,685**	US$	(64,879)

(1) The increase in this item is due to the effect of the adjustment in conversion of monetary assets and liabilities that generates the high devaluation of the peso against the dollar, resulting in a lower deferred tax expense.
(2) This variation is mainly due to the increase in the expected loss and/or decrease in the expected profit from hedging operations, which is due to a greater devaluation compared to the period of comparison. In addition, new coverage contracts have been concluded that are recognized in the Other Comprehensive Income. This results in a higher tax deferred asset with a balancing entry in the Other Comprehensive Income.

The net deferred income tax asset/liability recognized in other comprehensive income for the year ended March 31, 2020, is as follows.

	March 31, 2020		December 31, 2019	
Deferred asset – Hedge	**US$**	**19,193**	US$	(7,077)

The income and supplementary tax returns that are open for review by the Tax Authorities are as follows:

Term	Statement	Date of Submission
2015	Income Tax	Apr-21-2016
2016	Income Tax	Apr-24-2017
2016	CREE (i)	Apr-24-2017
2017	Income Tax	Apr-19-2018
2018	Income Tax	Apr-22-2019

Of the previous statements, the Tax Authority carried out an auditing process for the period 2015. From the process of reviewing the income tax and supplementary tax returns, no comments and/or adjustments are expected from the Tax Authorities that imply a higher tax payment.

The Firmness of Income Tax and Complementary Tax Returns

Prior to the issuance of Law 1819 of 2016, Article 714 of the Colombian Tax Code established the terms of firmness in 2 years. (General firmness: from the date of the period to declare, Late submission: from the date of submission, and Balance in favor: after the date of presentation of the request for refund or compensation).

15. Tax Liabilities (Assets) (continued)

The Firmness of Income Tax and Complementary Tax Returns (continued)

As of 2017 and with the entry into force of Law 1819 of 2016, the general term of firmness of the tax returns is 3 years from the date of its expiration or from the date of its presentation, when these have been presented extemporaneously. The term of firmness is 6 years when there are transfer pricing obligations.

For those statements in which balances are presented in favor, the term of firmness is 3 years, from the date of presentation of the request for refund or compensation.

For those tax returns where tax losses are offset, the firmness corresponds to the same period that the taxpayer has to offset it, that is, 12 years. This term extends from the date of compensation for 3 more years concerning the declaration in which the loss was liquidated.

From 2019 and with the entry into force of Law 1943 of 2018, the extension of the firmness of 3 additional years for compensation of tax losses is eliminated.

For the Company, the 2016 income tax return may be reviewed by the tax authority within 6 years from the date of filing, considering that for this period, Ocensa was subject to transfer pricing rules. Also, tax returns for the years 2017 and 2018 may be reviewed within the 3-year general firmness period. In the case that this occurs, as reported by the Administration, no significant differences are expected that would imply the modification of the liquidated tax, nor the imposition of sanctions that would lead to the recognition of contingencies in the financial statements.

On the other hand, the income tax return for the year 2015 is in the process of being discussed with the tax administration.

15.1. Other Taxes

	March 31, 2020 (Unaudited)		December 31, 2019	
Transport tax (1)	**US$**	**11,371**	US$	7,084
Sales tax – VAT payable		**27**		67
Industry and commerce tax		**38**		14
Other taxes short term		**11,436**		7,165
Sales tax - VAT “Plan Vallejo”		**1,576**		1,557
Other taxes long term	**US$**	**1,576**	US$	1,557

(1) Transportation Tax

The related transportation tax represents the actual and estimated volumes of crude oil transported during the period in question plus the value of the payment pending cancellation to municipalities that, by order of the National Planning Department, order us to pay, the balance is classified as follows:

15.1. Other Taxes (continued)

	March 31, 2020 (Unaudited)		December 31, 2019	
Estimated transport tax (1)	**US$**	**11,326**	US$	7,029
Accounts payable		**45**		55
	US$	**11,371**	US$	7,084

(1) The transportation tax presents an increase in March 2020 compared to the closing of December 2019, since the tax of 4°Q 2019 and 1°Q 2020 is pending payment in March.

15.2. Other Aspects

In accordance with Law 2010/2019 (Tax Reform) the tax provisions applicable in Colombia for the taxable year 2020 are the following:

Tax Rate:

- The income tax rate for the taxable year 2020 and the following:

Year	Standard Rate*	Rate Applicable to Financial Institutions**
2020	32%	36%
2021	31%	34%
2022 and subsequent	30%	33%

* The rate applied to domestic companies, permanent establishments, and foreign entities.
** Rate applied to financial institutions with taxable income equal to or greater than 120,000 UVT, as provided for in paragraph 7 included in Article 240 of the Colombian Tax Code.

- For the years 2019 and 2020, the applicable rate for purposes of calculating the income tax under the presumptive income system will be 1.5% and 0.5%, respectively, of the taxpayer's net worth from the immediately previous year. From 2021 the applicable rate will be 0%.

Normalization Tax

The normalization tax is extended for the year 2020, complementary to income tax and equity tax, in charge of income taxpayers who have omitted assets or non-existent liabilities. The applicable rate for this taxable period is 15%, and the independent tax return must be filed until September 25, 2020, which does not allow for correction or untimely filing, as in 2019, the applicable rate may be reduced to 50% when the taxpayer normalizes assets abroad and invests them intending to remain in the country.

15.2. Other Aspects (continued)

Sales Tax

In terms of sales tax, those elements (services or raw materials) on which the free zone user has already paid VAT were excluded from the base for determining VAT on imports of goods from the free zone. Article 491 of the Colombian Tax Code is revived, which expressly prohibits the possibility of taking as a deductible tax the VAT paid on the acquisition of fixed assets. Three days a year of VAT exemption are established for certain products, with limits depending on the units acquired.

Dividend Tax

The fee is 10% for resident citizens, illiquid estates, non-resident individuals and legal entities and permanent establishments. The rate applicable to national companies is 7.5% rate.

Tax on Equity

Law 1943 of 2018 created, beginning in 2019, the new equity tax, payable by individuals and illiquid successions with or without residence in the country and foreign companies and corporations that do not declare income in Colombia, and that own assets in Colombia, other than shares, accounts receivable, and portfolio investments. Neither shall they be subject to net equity tax foreign companies or local companies that do not file income tax returns and that subscribe financial leasing contracts with entities resident in Colombia. The generating fact was the possession on January 1, 2019, of a liquid patrimony equal to more than $5,000 million of pesos.

For the taxable years 2020 and 2021, the equity tax is maintained, for resident natural persons and non-resident natural and legal entities.

Audit Benefit

Law 1943 of 2018 established that taxpayers who, during the 2019 tax year, in their private income tax and supplementary tax liquidation, increase their net income tax by at least 30%, concerning the net income tax of the immediately preceding year, shall make their tax return firm within six (6) months from the date of its submission, if no notification has been made of the notice to correct or special requirement or emplacement notice or provisional liquidation, and provided that the tax return is submitted promptly and payment is made within the stipulated deadlines.

However, if the increase in the net income tax is at least 20%, in relation to the net income tax of the immediately preceding year, the return will become final within twelve (12) months from the filing of the tax return, if no notification has been made of the notice to correct or special requirement or emplacement notice or provisional liquidation, and provided that the tax return is submitted on time and payment is made within the stipulated deadlines.

The above benefit does not apply to: (i) taxpayers who enjoy tax benefits due to their location in a determined geographical area; (ii) when it is demonstrated that declared withholdings at source are non-existent; (iii) when the net income tax is less than 71 UVT (2020 is equivalent to $2.528.097). The term provided for in this rule does not extend to withholding tax returns or sales tax, which shall be regulated by the general rules.

16. Derivative Financial Instruments

		March 31, 2020 (Unaudited)		December 31, 2019
Hedge Contracts	**US$**	**74,940**	US$	411

Correspond to the valuation of financial instruments deriving from Oleoducto Central S.A., whose purpose is to mitigate the volatility of the exchange rate on the cash flow required for Company's operations. The balances correspond to their fair value classified in the second level of hierarchy, calculated based on observable entries by using the methodology of forward points.

Taking into account that the Company's functional currency is the US dollar, any transaction in a currency other than the US dollar represents an exposure to the exchange rate risk for Company's performance. In order to mitigate the impact on cash flows that could be generated as a result of variations in rates of Colombian peso versus the US dollar, the management evaluates the exposure to this risk for the twelve (12) months moved forward subsequently and makes the decision to contract hedge instruments for the cash flow in pesos, within the framework established by the financial risk management policy.

The Company covers mainly the following risks:

- Up to 50% of its operating expenses. The main headings of operating expenses the Company is hedging are those related to personnel, leases, fees and services, insurance, maintenance and repairs, variable costs, which are denominated in Colombian pesos.

- Up to 100% of its tax payments. Tax headings being covered correspond to income tax and related taxes, and surcharge.

Forward hedge instruments being used allow setting the sales price in US dollars, which will offset the effect of devaluation or revaluation arising up to the time the Company monetizes resources necessary to cover its monthly or specific obligations on operating expenses and tax payments, which are payable in Colombian pesos. The nominal value of forward operations is US$447,602 (December 31, 2019 US$377,858). Taking into account that the Company seeks to minimize the exchange exposure for the twelve (12) future months, cash flows are expected to be made and payments of months from April 2020, to March, 2021 are expected to be covered.

The change in the net position of the hedges opened in the indicated periods, is due to the differences between the agreed rate in the hedges and the projected forward rate for the valuation of the derivative, so as of March 31st, 2020, the average value of the covered rate is US$3,420.15 / peso, being below the average projected forward rate, which is US$4,096.41. As of December 31st, 2019, the average value of the covered rate is US$3,304.44 / peso, being below the average projected forward rate, which is US$3,304.22.

The result of the amount recorded in "Other Comprehensive Income" – OCI at the reporting period cut-off amounts to US$58,773 net of tax US$40,087 at December 31, 2019 it amounts to (US$1,584) and net of taxes at that date of (US$1,077).

17. Other Liabilities

	March 31, 2020 (Unaudited)		December 31, 2019	
Revenues received in advance, short term	**US$**	**2,398**	US$	3,568
Revenues received in advance, long term		**755**		904
	US$	**3,153**	US$	4,472

Corresponds to the advance payment upon the capacity reserve of the pipeline, the recoveries of the ship or pay contract of P135 of the revenue received for indemnities and other advances received which are detailed below:

	March 31, 2020 (Unaudited)		December 31, 2019	
Gunvor Colombia CI S.A.S.	**US$**	**1,209**	US$	1,209
BP Products North América (1)		**1,084**		2,167
Vitol (2)		**397**		401
Others (3)		**183**		353
AIG Seguros Colombia S.A.		**140**		171
Chubb de Colombia Cía. de Seguros		**140**		171
	US$	**3,153**	US$	4,472

(1) It ceded the capacity reserve contract to BP Latin America LLC, Colombia branch. The variation is due to the amortization of the advance given in 2014 related to the capacity reserve, this amortization ends in june 2020.
(2) The variation is due to the amortization of volumes paid in the SoP mode.
(3) Corresponds to the decrease in port services.

18. Provisions and Contingencies

	Abandonment Costs (18.1)		Environmental Provisions (18.2)		Others (18.3)		Total	
At December 31, 2019	US$	47,370	US$	2,635	US$	2,135	US$	52,140
Additions		**–**		**–**		**539**		**539**
Uses		**–**		**–**		**(778)**		**(778)**
Financial cost *(Note 25)*		**360**		**–**		**–**		**360**
Update abandonment rate		**(14,838)**		**–**		**–**		**(14,838)**
Exchange difference		(9,220)		(511)		(266)		(9,997)
At March 31, 2020 (Unaudited)	**US$**	**23,672**	**US$**	**2,124**	**US$**	**1,630**	**US$**	**27,426**

Currents (18.3)		
At December 31, 2019	US$	2,135
At March 31, 2020 (Unaudited)	**US$**	**1,630**
Not currents (18.1 and 18.2)		
At December 31, 2019	US$	50,005
At March 31, 2020 (Unaudited)	**US$**	**25,796**

18.1. Abandonment Costs and Dismantling of Assets

The estimated liability for abandonment costs corresponds to the future obligation of the Company to restore the environmental conditions in a similar manner to those existing before the initiation of the projects or activities. Since these are long-term obligations, this liability is estimated by projecting the expected future cash flows and discounting at present value with a rate referenced to the financial obligations of the parent company, Ecopetrol S.A.

The actual discount rate reported by the parent company had no significant variation; it passed from 3.38% (December 2019 update) to US$5.33% (March 2020)

During the first quarter of 2020, a financial cost of US$ 360 was recorded, in the first quarter of 2019 it was US$387.

18.2. Environmental Provisions

Principally refers to obligations of environmental compensation for the use, exploitation or affectation of natural resources within the framework of environmental authorizations and the obligatory investment of not less than 1% for the use of water taken directly from natural sources by the terms of Law 99 of 1993, a paragraph of Article 43, concerning project P-135.

On December 22, 2016, the Ministry of the Environment and Sustainable Development issued Decree 2099, which reforms the Unique Regulatory Decree of the environment and sustainable development sector, Decree 1076 of 2015, regarding the forced investment of not less than 1% for the use of water taken directly from natural sources, and Decree 1120 of 29 June 2017, which amends points 3 and 4 of Article 2.2.9.3.1.17 of Decree 1076 of 2015.

On May 25, 2019, the Congress of the Republic enacted Law 1955 of 2019 (a rule of the National Development Plan 2018-2022), in which, through its article 321, it updated the value of the investment to no less than 1%, of projects under the jurisdiction of the National Environmental Licensing Authority - ANLA.

Currently, the Company has approved the investment plan of not less than 1% for file LAM318, within which is P-135 and for file LAM1226 (Interfield), by the following resolutions:

1. LAM318: Resolutions 00834 and Resolution 00294 of March 5, 2019 (the latter resolved the appeal for reversal submitted by the Company).

2. LAM1226: Resolutions 620 of 30 April 2018 and 00311 of 7 March 2019 (the latter resolved the appeal for reversal submitted by the Company).

Finally, the Company availed itself of Article 321 of Law 1955 of 2019 by filing Nos. 2019136051.-1-000 (LAM0318) and 2019136049-1-000 (LAM1226), dated September 10, 2019, are currently being evaluated by the ANLA. Ocensa advanced the contracting process to launch the execution of the investment in 2020 in the Banco of habitat of Meta managed by terraces and signed with the Autonomous Equity.

The value of the provision as of March 31, 2020, is US$2,124.

18.3. Other Provisions

Tecnitanques Ingenieros S.A.S. submitted an arbitration claim against Ocensa, in which it seeks a declaration that Ocensa must pay US$2,949, for the conclusion of the contract for the provision of services number 3802174 "For the engineering, procurement management, construction, and assembly, for the increase of crude oil storage capacity, at the Coveñas de Ocensa Terminal". Ocensa replied to the complaint on 16 December 2019, objecting to the claims and demanding the taking of evidence. On April 22, 2020, a conciliation session was held as part of the arbitration process, which ended without the possibility of reaching an agreement. The value provided by the administration of the contract as of March 31, 2020 is US$1,094

In 2017 Ocensa submitted a claim for nullity and reinstatement against the administrative acts issued by the Municipality of Puerto Boyacá in which it liquidated the tax on public lighting paid by the Company, corresponding to the period from October 2011 to December 2015. On 25 February 2020, the Boyaca Administrative Court handed down the first instance judgment rejecting Ocensa's claims. The Company appealed against the decision and requested to submit additional evidence. The value of the Company's provision as of 31 March 2020 is US$ 536.

18.4. Contingent Assets

The following is a detail of the contingency assets, whose entry of economic benefits to the Company is probable, but not practically certain:

- The Company submitted an action for nullity and reinstatement against the decision of the Port Authority to deny the request to return the excess in the payment of the surveillance charge paid in the year 2001. Ocensa calculated the amount of the refund at US$859 and considers that it proceeds under of Resolution 0457 of 2001 issued by the same Superintendence authority.

At the moment, it is pending that the sentence of the first instance is pronounced.

19. Equity

19.1. Subscribed and Paid-in Capital

Authorized capital is of 5,793,456 shares at a par value of COP$30,104.5434483 each; subscribed and paid 5,159,000, and subscribed and paid in capital being US$81,714.

For the first quarter of 2020, profit per share was US$47.46 (for the first quarter of 2019 it is US$43.68), that is taken from the net profit of the year of continued operations over the number of shares.

19.2. Equity Reserves

	March 31, 2020 (Unaudited)		December 31, 2019	
Legal reserve	**US$**	**7,736**	US$	7,736
Legal reserve 10% non-taxed		**33,122**		33,122
	US$	**40,858**	US$	40,858

19.2. Equity Reserves (continued)

Legal Reserve

The Colombian Code of Commerce establishes that it is mandatory to appropriate 10% of its net annual profits as a legal reserve until the balance thereof is equivalent to 50% of subscribed capital. This reserve may be used to offset losses or distribute them in the event of Company's liquidation.

19.3. Payment of Dividends

Below is the detail of distributed dividends:

	Decreed		Paid out (1)	
March 9, 2020 – profits from July 1 to December 31, 2019	**US$**	**408,476**	**US$**	**406,581**
March 12, 2019 – profits from July 1 to December 31, 2018	US$	355,823	US$	354,489

(1) Corresponds to the declared value less the taxes withheld.

19.4. Other Comprehensive Income

Includes the effects of the effective portion of cash flow hedging instruments, recognizing the effective portion of other integral results. The change in the fair value of the hedging instrument, which has been recognized in other integral results, will be reclassified to results when the hedged item affects results.

The Company seeks, through this hedging policy, to stabilize cash flows and mitigate the economic effects that may arise from fluctuations in market variables, in other words, the peso/dollar exchange rate.

The Company, established as a policy for recognition in other comprehensive income, evaluates the effectiveness of the hedge by reviewing that the hedged values do not exceed the exposure.

The methodology used to measure the effectiveness of the hedge is under the Value at Risk (VaR) methodology using the operating cash flow as an indicator.

This measurement is carried out by the use of Monte Carlo simulations, but other commonly accepted methodologies may be considered, which should allow

(1) Present the potential variations in the exchange rate pesos/dollars (COP/US$).
(2) Measure the impact of these movements on the Company's cash flow.
(3) Measure the impact of these movements on the Company's EBITDA (and/or net income if appropriate).

The specific model for measuring risk and its critical variables, as well as its amounts, will be evaluated monthly within the Audit and Financial Committee. When the hedge is no longer effective, hedge accounting shall cease.

Additionally, in other comprehensive income, a conversion adjustment is generated as a result of the application of the methodology for the calculation and recognition of deferred tax; which is calculated in pesos but recorded in dollars under the provisions issued by the General Accounting Office.

19.4. Other Comprehensive Income (continued)

	March 31, 2020 (Unaudited)		December 31, 2019	
Cash hedges (1)	**US$**	**(58,773)**	US$	1,584
Deferred tax		**18,686**		(507)
Deferred tax translation adjustment		**104,128**		93,134
	US$	**64,041**	US$	94,211

1) This variation is mainly due to the increase in the expected loss and/or decrease in the expected profit from hedging operations, which is due to a greater devaluation compared to the period of comparison. In addition, new coverage contracts have been concluded that are recognized in the Other Comprehensive Income.

20. Revenues from Ordinary Activities

	Three-month period ended March 31			
	2020		2019	
	(Unaudited)			
Hydrocarbons transportation service (1)	**US$**	**355,045**	US$	356,115
Other revenues (2)		**5,840**		7,595
Unloading service (3)		**2,069**		2,869
	US$	**362,954**	US$	366,579

(1) Refers to the shipping of oil from Cupiagua, to the exportation by the TLU-2 at the Coveñas terminal; the transportation service is billed for the barrels transported in each section of the pipeline at the rate set by the Ministry of Mines and Energy for each one and, for the Coveñas terminal the rate authorized by the Superintendency of Ports and Transportation. The average barrels of oil transported were 646,628 bpd for the first quarter of 20219 and 616,983 bpd for the first quarter of 2020. The reduced volumes represent the lower receipts for operational management by customers and for reduced days of reversal and non-operation of the Oleoducto Bicentenario due to the Caño Limón pipeline attack. Furthermore, since January 1, 2020, the Ship or pay transport contract increase was applied by the terms of Resolution 31 577 of August 2, 2018, of the Ministry of Mines and Energy.

(2) Refers to port services, dilution service, administrative and maintenance services. As of March 31, 2020, it includes US$903 (December 31, 2019, US$29,035) of revenues generated from construction services related to the port concession contract with ANI – National Infrastructure Authority.

(3) It refers to the unloading of oil or diluent in the unloading facilities located in the Cusiana station. The average barrels of oil unloaded were 57,134 bpd for the second half of 2019 and 46,509 bpd for the first quarter of 2020. The lower volumes are due to lower operational receipts from customers.

20. Revenues from Ordinary Activities (continued)

Customer Concentration

Revenues generated as a result of crude transportation activities are obtained by the following clients:

	Three-month period ended March 31			
	2020		**2019**	
	(Unaudited)			
Ecopetrol S.A.	**US$**	**294,624**	US$	283,235
Others minors		**43,797**		47,668
Frontera Energy Colombia Corp.		**24,533**		35,676
	US$	**362,954**	US$	366,579

The percentage of participation of related parties corresponds to approximately 83.67% for the first quarter of 2020 and 79.34% for the first quarter of 2019.

21. Cost of Sales

	Three-month period ended March 31			
	2020		**2019**	
Variable costs	**(Unaudited)**			
Gas	**US$**	**6,901**	US$	6,788
Fuels and lubricants		**6,051**		7,357
Friction reducer (1)		**3,433**		7,980
Electric power		**1,854**		2,328
	US$	**18,239**	US$	24,453
Fixed costs				
Depreciation (*Note 10*)	**US$**	**23,098**	US$	25,134
Operation and maintenance (2)		**12,716**		16,426
Amortization rights-of-use (*Note 12*)		**2,291**		1,483
Labor costs		**1,570**		1,826
Materials		**856**		930
Amortization concession (*Note 11*)		**696**		423
Taxes		**565**		220
Amortization gas transportation agreement (*Note 11)*		**70**		65
		41,862		46,507
	US$	**60,101**	US$	70,960

(1) The lower cost is the result of three aspects: the first is due to friction reducing particle efficiency (DRA), since after testing in conjunction with the business group and the contractor was found a more efficient and better performing molecule, generating less consumption in gallons, secondly, the contract was renegotiated, obtaining a lower rate and lastly and lastly, during the first quarter of 2020, 617 kbpd lower volumes were transported compared to the 646 kbpd transported during the first quarter of 2019.

(2) Includes short term and variable rental expenses.

22. Operations and Projects Expenses

	Three-month period ended March 31			
	2020		2019	
	(Unaudited)			
Fees and services	US$	**1,155**	US$	1,439
Insurance		**759**		703
Maintenance		**620**		613
Miscellaneous		**459**		399
Leases		**78**		79
	US$	**3,071**	US$	3,233

23. Administrative Expenses

	Three-month period ended March 31			
	2020		2019	
	(Unaudited)			
Labor expenses	**US$**	**4,406**	US$	4,668
Taxes		**561**		588
Amortization (*Note 11*)		**290**		40
Amortization rights-of-use (*Note 12*)		**212**		206
Depreciation (*Note 10*)		**84**		322
	US$	**5,553**	US$	5,824

24. Other Operating Income, net

	Three-month period ended March 31			
	2020		2019	
	(Unaudited)			
Others	**US$**	**89**	US$	473
Others arbitral award *(1)*		**–**		50,788
Compensation for claims		**80**		–
(Impairment) Recovery of accounts receivable		**(25)**		–
Loss on retirement of assets (*Note 10*)		**(1)**		(8,866)
	US$	**143**	US$	42,395

(1) Concerning the proceeding of the arbitration tribunal convened by Ocensa against Equion Energía Limited and Santiago Oil Company, in relation to negative balances that such companies record in the volumetric balances, on February 18, 2019 the Tribunal issued the arbitration award in which it declared, among others, that (i) Equion and Santiago are obliged to return to Ocensa the full line, (ii) Equion and Santiago breached in bad faith the transportation contracts by not knowing of the existence of the negative balance and refusing to return it and (iii) Equion and Santiago must pay Ocensa US$76,166 (US$50,788 principal plus US$24,769 interest and legal costs of US$609 by March 29, 2019. On March 26, 2019 Ocensa received payment from Equion and Santiago and recognized income as of March 31, 2019.

24. Other Operating Income, net (continued)

After the termination of the arbitration process and the receipt of payment by the defendants, on March 28, 2019 Equion and Santiago filed an extraordinary appeal for annulment against the arbitration award and on May 9, 2019 Ocensa filed a brief opposing the prosperity of this extraordinary appeal. The decision of the Council of State is currently pending against this extraordinary appeal. The probability of success of the annulment appeals is less than 50%. Additionally, on July 31, 2019 Equion and Santiago filed an action for protection against the arbitration award issued on February 18, 2019, alleging the violation of due process. Ocensa opposed the prosperity of the action of tutela and on August 30, 2019 the Council of State resolved to declare the action of tutela inadmissible. On September 3, 2019 Equion and Santiago filed a challenge against the ruling and on October 18, 2019 the Council of State decided to confirm the first instance decision.

25. Financial Result, Net

	Three-month period ended March 31			
	2020		2019	
	(Unaudited)			
Exchange difference gain, net	**US$**	**27,589**	US$	(4,848)
Monetization		**120**		(35)
Costs interest, net		**(1,978)**		(2,846)
Default interests (Note 24, numeral 1)		**–**		24,769
Financial expense abandonment		**(360)**		(387)
Financial expense rights of use		**(266)**		(249)
Financial Costs		**(43)**		(67)
Other financial expenses		**(234)**		(223)
	US$	**24,828**	US$	16,114

26. Risk Management

Because of its financial structure, the Company is directly exposed to exchange, interest rate credit and liquidity risks as shown below:

26.1. Exchange Rate Risk

Exchange rate risk management is based on the principle that the peso/dollar exchange rate experiences highly volatile and unpredictable changes. In this respect, the objective of the hedging strategies defined by the Company is to mitigate movements in these variables through the use of derivative instruments acquired in the financial markets.

Exchange rate risk refers to the economic effects resulting from fluctuations in the exchange rates to which the Company is exposed.

In the case of Oleoducto Central S.A., most of the revenues for services rendered are accounted for and collected in U.S. dollars while, as a Company operating in Colombia, some of its expenses and all of its tax obligations are paid in Colombian pesos. Therefore, the Company's cash flows are exposed to fluctuations in the Colombian peso/US dollar exchange rate.

26.1. Exchange Rate Risk (continued)

For this purpose, Ocensa carries out hedging operations through the contracting of derivative instruments, mainly forwards, whose purpose is to mitigate the effects of the movement in the peso/dollar exchange rate in relation to the budget for expenses in pesos and tax obligations with a timeframe of no more than one year.

With the cut-off date of March 31, the nominal value of the current exchange rate hedge portfolio was US$447,602

This represents an increase of 18.46% of the portfolio's nominal value with relation to the value as of December 31, 2019, which was US$377,858; this change is mainly explained by the coverage of taxes payable in the years 2020 and 2021.

The exchange rate of the Colombian peso/US dollar was devaluated by 24.035% from January 1 to March 31, 2020, resulting in an exchange rate of 4,064.81 per US$1 regarding to the rate registered to December 31, 2019, of 3,277.14 per US$1.

The following is the effect that a variation of 1% and 5% in the exchange rate of Colombian pesos vs. United States dollar, related to the exposure of financial assets and liabilities in foreign currency as of March 31, 2020.

Scenario/ Variation in the TRM	Effect on Results Before Taxes (+/–)	
	March 31, 2020	**March 31, 2019**
	(Unaudited)	
1%	**US$ 2,187**	US$ $1,193
5%	**US$ 10,519**	US$ 5,739

For the calculation of the effect on results before taxes, the rate of the March 31, 2020, equivalent to $4,064.81 per US$1.

The sensitivity analysis only includes monetary assets and liabilities in foreign currency at the close date, as shown below, in COP$ million:

	Three-Month period Ended March 31 (Unaudited)	
	2020	**2019**
Cash and cash equivalents	**COP$ 94,013**	COP$ 321,026
Trade debtors and other accounts receivable, net	**56,427**	44,969
Other assets	**14**	2,404
Active position	**150,454**	368,399

26.1. Exchange Rate Risk (continued)

	Three-Month period Ended March 31 (Unaudited) 2020	2019
Tax liabilities	**(773,527)**	(454,997)
Trade accounts and other accounts payable	**(129,403)**	(122,760)
Provisions	**(111,483)**	(148,159)
Debt and loans bearing interest	**(32,690)**	(23,812)
Others payables	**(1,265)**	(1,263)
Passive position	**(1,048,368)**	(750,991)
Net passive position	**COP$ (897,914)**	COP$ (382,592)

26.2 Credit Risk

Credit risk is the risk that the Company acquires as a result of unfulfillment with the obligations of clients, financial institutions with which investments are made or counterparties with which instruments are contracted derivatives.

Oleoducto Central S.A. constantly monitors the credit ratings issued by risk rating companies for financial institutions with which investments are made or derivative instruments are traded, in order to ensure that these companies meet the minimum rating defined by the Company.

For the portfolio that is considered impaired, an individual analysis is carried out that allows to see the situation of each client and thus define the provisions to that place. The Company carries out the administrative and legal actions necessary to recover the due accounts receivable, as well as the recognition of interest of clients that do not comply with the payment policies.

26.3. Liquidity Risk

The National Planning Department, as evidenced in its official letter number SC-20134380757471 of October 15, 2013, issued a favorable opinion for the Company to enter into public credit operations upon the international issue of a bond in United States dollars for up to US$1,000,000, with 100% of possibility to reopen the rest of the amount in order to finance Capex needs of new projects.

Based on this favorable opinion, by means of Resolution number 4254 of December 12, 2013, the Ministry of Finance and Public Credit authorized the Company to negotiate the issue and placement of bonds in the international capital market for up to one thousand million United States dollars (US$1,000,000) in order to finance investment needs of future expansion projects.

By means of Resolution 1369 of April 29, 2014, the Ministry of Finance and Public Credit authorized the Company to subscribe, issue and place External Public Debt Bonds, under Rule 144 A / S Registration of the United States of America Securities Act, in international capital markets for up to US$500,000 in order to finance the needs of investment of future expansion projects (Potency 135 and Warming). This provides the Company with the possibility to reopen the rest of the amount, given that Company's financing needs require them and that capital market conditions are favorable.

26.3. Liquidity Risk (continued)

The liquidity risk is managed as of the application of the Merton Miller and Daniel Orr model, which is an induction model of random generation for daily changes in the cash balance, in order to establish the minimum cash levels required to take care of the organization liquidity requirements, including its debt service commitments.

The main purpose of the internal procedures is to guarantee enough liquidity levels to comply with the Company's financial commitments within its timetable of maturities, as well as the main instruments for their measurement and follow-up. Such instruments are: Weekly report of the treasury command bulletin board, monthly cash flow, and analysis of the annual mobile average of the cash flow foresight.

The Company has a policy to manage liquidity surpluses. Such policy provides criteria, guidelines and directives for the efficient and safe administration of liquidity surpluses, and establishes limits of exposure per counterparty. At present, the counterparty limit of risk exposure is limited to the higher of the following parameters: A maximum amount of US$150 million by the counterparty, or if the cash balance falls below such amount, it should be divided at least into three counterparties that meet the minimum rating permitted.

In the event issuer and issue limits established herein are exceeded, the portfolio administrator will have 45 calendar days to take the measures necessary to adjust to such limits.

The credit quality of issuers, assets and counterparties of operations are as follows:

Minimum permitted rating:

Foreign Financial Entities

Rating Entity	Short-Term Rating	Long-Term Rating
Standard & Poor's	A-1	A+
Moody's Investors Service	P-1	A1
Fitch Ratings	F-1	A+

Local Financial Entities

Rating Entity	Short-Term Rating	Long-Term Rating
Fitch Ratings	F1+	AAA
BRC Investor Services	BRC 1+	AAA

As of 2018, with the development of the Ocensa Counterparty Risk procedure, a set of rules and periodic reviews were established for customers and people who have a business relationship with the company. The document aims to define and describe the counterparty risk assessment guidelines applied in the Company.

It refers specifically to the activities that Ocensa will carry out for the risk management of counterparty risk controls carried out on the company's clients, in order to minimize, mitigate, and manage the uncertainty generated by possible breaches of payment obligations emanated from contracts that generate income. The aspects analyzed include portfolio analysis, review of restrictive lists, risk ratings, financial analysis and collects the multiple controls that exist in the Transporter's Manual and the provisions established in the pre-contractual stage. The document includes the inclusion of those who are interested in contracting with Ocensa and is input for the processes of the risk and accounting areas.

26.4. Interest Rate Risk

Oleoducto Central S.A. issued a bond in the international market at a notional amount of US$500 million in 2014. A defined fixed interest rate of 4% was used in such issue; therefore, there is no risk of interest rate.

26.5. Capital Management

The main objective of the Company's capital management is to ensure a financial structure that optimizes the cost of capital, maximizes the yield of its shareholders, and allow access to financial markets at a competitive cost in order to cover its financing needs.

Below is the indebtedness ratio of periods reported:

	March 31, 2020 (Unaudited)		December 31 2019	
Cash and cash equivalents *(Note 6)*	**US$**	**243,024**	US$	441,076
Loans *(Note 13)*		**520,161**		513,472
Net financial debt	**US$**	**277,137**	US$	72,396
Equity *(Note 20)*	**US$**	**1,068,084**	US$	1,261,871
Leverage (1)		**20.60%**		5.43%

(1) Net Financial Debt / (Net Financial Debt + Equity)

27. Related Parties

The main transactions between related parties during the periods indicated are detailed below:

	Period from January 1 to March 31, 2020 (Unaudited)					
	Transport Revenues Hydrocarbons	**Unloading Services Revenue**	**Revenue Service Dilution**	**Revenue of administrative Services**	**Revenues for services Operation and Maintenance**	**Purc Produ Ser**
Ecopetrol S.A.	**US$ 293,557**	**US$ 1,049**	**US$ –**	**US$ –**	**US$ 18**	**US$**
Cenit Transporte y Logística de Hidrocarburos S.A.S.	**–**	**–**	**–**	**3**	**–**	
Hocol S.A	**7,895**	**–**	**–**	**–**	**–**	
Oleoducto de Colombia S.A.	**–**	**–**	**–**	**4**	**–**	
Oleoducto de Los Llanos Orientales	**–**	**–**	**833**	**–**	**76**	
Oleoducto Bicentenario de Colombia S.A.S.	**–**	**–**	**–**	**2**	**262**	
	US$ 301,452	**US$ 1,049**	**US$ 833**	**US$ 9**	**US$ 356**	**US$**

	Period from January 1 to March 31, 2019(Unaudited)					
	Transport Revenues Hydrocarbons	**Unloading Services revenue**	**Revenue Service Dilution**	**Revenue of administrative Services**	**Revenues for services Operation and Maintenance**	**Purc Produ Ser**
Ecopetrol S.A.	US$ 282,301	US$ 833	US$ –	US$ –	US$ 101	US$
Cenit Transporte y Logística de Hidrocarburos S.A.S.	–	–	–	–	–	
Hocol S.A.	6,168	–	–	–	–	
Oleoducto de Colombia S.A.	–	–	–	–	–	
Oleoducto de Los Llanos Orientales	–	–	1,072	–	65	
Oleoducto Bicentenario de Colombia S.A.S.	–	–	–	–	311	
	US$ 288,469	US$ 833	US$ 1,072	US$ -	US$ 477	US$

27.Related Parties (continued)

The most representative balances with related entities at March 31, 2020, and December 31, 2019 are included in accounts receivable and accounts payable, as follows:

	March 31, 2020 (Unaudited)		December 31, 2019	
Accounts receivable				
Ecopetrol S.A.	**US$**	**102,885**	US$	123,499
Oleoducto de Los Llanos Orientales S.A.		**591**		698
Cenit Transporte y Logística de Hidrocarburos S.A.S.		**159**		140
Oleoducto Bicentenario de Colombia S.A.S.		**325**		426
Oleoducto de Colombia S.A.		**127**		292
Hocol S.A.		**2,803**		2,589
	US$	**106,890**	US$	127,644
Accounts payable				
Ecopetrol S.A.	**US$**	**2,450**	US$	7,564
Cenit Transporte y Logística de Hidrocarburos S.A.S.		**257**		209
Oleoducto Bicentenario de Colombia S.A.S.		**125**		448
Oleoducto de Colombia S.A.		**277**		203
	US$	**3,109**	US$	8,424

Outstanding amounts are not guaranteed and will be settled in cash. No guarantees have been granted or received. No expense has been recognized in the current period or in prior periods concerning uncollectable or bad debts related to amounts due by related parties.

Trade purchases and sales transactions of goods and services, concerning the development of the Company's corporate purpose, with related parties are made under general market prices and conditions.

28. Subsequent Events

There have been no subsequent events affecting the figures in the financial statements as of March 31, 2020.

As of today, due to the conjuncture of the COVID-19 it has not generated any impacts on the Financial Statements as of March 31, 2020. However, as a result of the COVID-19 pandemic and measures put in place to slow its spread, including the imposition of quarantines and medical screenings, travel restrictions and the suspension of many economic activities, we expect to continue a substantial uncertainty in macroeconomic conditions regarding crude prices, crude oil production, and demand of related products.

The principal effect has been in a significant drop in the Brent crude oil price, with Brent crude reaching a low of US$22.70/bbl on March 31, 2020. This drop has affected exploration and production ("E&P"), companies, such as our main customer, Ecopetrol, that operate in the areas we serve. Many of them, including Ecopetrol, have had to cut production in order to protect the cash flow and profitability of their operations. Likewise, the companies believe the current tariffs are a non-manageable cost that may represent up to 45% of a producer's total costs of operations, which may pressure these companies to lower production and renegotiate transport tariffs given low oil prices as well as the effects of the COVID-19 pandemic.

28. Subsequent Events (continued)

In response to the situation, Ocensa is working on the following actions:

- Efficiency plan which focuses on savings in expenses and on capital investments
- The volume discounts were removed, and the temporary payment agreements were modified to instead permit shippers to defer up to the 50% of their agreed tariff payment for an initial period of six months. This six-month deferral consists of a grace period, following which period customers' tariff deferral may be extended for up to an additional four months, subject to an interest charge. We are also evaluating temporary changes on our current transportation agreements on a case-by-case basis, including by approving temporary downward adjustments to the contracted volume of certain of our customers.

At this time, we cannot forecast the duration of the effects of COVID-19 on our business. In addition, while the price of crude oil has been increasing since the recent Brent price of U.S.$22.70 per barrel on March 31, 2020 and we would expect crude oil production to follow that trend, The future business results and expectations will be affected by the extent and duration of these conditions and the effectiveness of responsive actions taken.

Furthermore, the Company will be monitoring the impairment indicators of long-term assets, performing quantitative analyses when it is necessary to do so.

F I N A N C I A L   S T A T E M E N T S

Oleoducto Central S.A.

Years ended December 31, 2019 and 2018
with Independent Auditor's Report

Oleoducto Central S.A.

Financial Statements

Years ended December 31, 2019 and 2018

Contents

Independent Auditor's Report

To the Shareholders of:
Oleoducto Central S.A.

Opinion

I have audited the attached financial statements of Oleoducto Central S.A., which include the financial statement of financial position as of December 31st, 2019 and the corresponding statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and the summary of significant accounting policies and other explanatory notes.

In my opinion, the attached financial statements, taken from the accounting records, reasonably present, in all important aspects, the financial position of the Company as of December 31st, 2019, its results of operations and cash flows for the year then ended, in accordance with Accounting and Financial Reporting Standards accepted in Colombia and the statements of the National Accounting Office (Contaduría General de la Nación) for Government entities.

Basis of Opinion

I have conducted my audit in accordance with International Standards on Auditing adopted in Colombia. My responsibilities in complying with these standards are described in the Auditor's Responsibilities in the Audit of Financial Statements section of this report. I am independent of the Company, in accordance with the Code of Ethics Manual for accounting professionals and the ethical requirements relevant to my audit of financial statements in Colombia, and have complied with all other applicable ethical responsibilities. I consider that the audit evidence obtained is sufficient and appropriate to substantiate my opinion.

Management´s Responsibilities and of those Responsible for the Governance of the Entity for the Preparation of Financial Statements

Management is responsible for the proper preparation and correct presentation of the financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia ; for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; for the selection and application of appropriate accounting policies; and for establishing accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, management is responsible for evaluating the ability of the Company to continue as a going concern, disclosing, as appropriate, matters that could impact the use of the going concern basis of accounting, unless management intends to liquidate the Company or cease its operations, or has no other realistic alternative to doing so.
The entity's government officials are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities in Auditing Financial Statements

My goal is to obtain reasonable assurance as to whether the financial statements taken as a whole are free from material misstatements, either due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with International Standards on Auditing adopted in Colombia will always detect a material misstatement where it exists. Misstatements may arise due to fraud or error and are considered material if, either individually or in aggregate, they could be reasonably expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the International Standards on Auditing adopted in Colombia, I must exercise my professional judgment and maintain my professional skepticism throughout the audit, in addition to:

- Identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, design and execute audit procedures that respond to those risks and obtain audit evidence that is sufficient and appropriate for substantiating my opinion. The risk of not detecting a material misstatement due to fraud is more significant than that resulting from an error, as fraud may involve collusion, forgery, intentional omissions, false statements, or override of the internal control system.
- Obtain an understanding of the internal control relevant to the preparation of the company´s financial statements, and to design audit procedures that are appropriate in the circumstances.
- Evaluate the accounting policies used, the reasonableness of the accounting estimates, and the respective disclosures made by Management.
- Conclude on whether it is appropriate for Management to use the going concern basis of accounting base and, based on the audit evidence obtained, whether there is material uncertainty related to events or conditions that may generate significant doubts about the Company's ability to continue as a going concern. If I conclude that there is significant uncertainty, I must draw attention in the auditor's report on the related disclosures included in the financial statements, or, if such disclosures are inappropriate, change my opinion. The auditor's findings are based on the audit evidence obtained to date from my report; however, subsequent events or conditions may cause an entity to be unable to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves reasonable presentation

I communicated to those charged with governance of the entity, among other matters, the planned scope and timing of the audit, the significant findings as well as any significant deficiencies in the internal control identified during the audit.

Other Issues

The financial statements under Accounting and Financial Reporting Standards accepted in Colombia of Oleoducto Central S.A. as of December 31th, 2018, which are part of the comparative information on the attached financial statements, were audited by me in accordance with International Standards on Auditing adopted in Colombia, on which I expressed an unqualified opinion on June 22, 2020.

Daniel Alejandro Tortorella
Independent Auditor
Professional Card 232998-T
Designated by Ernst & Young Audit S.A.S. TR–530

Bogotá, Colombia
June 22, 2020

Oleoducto Central S.A.

Statements of Financial Position

	Notes		December 31, 2019		December 31, 2018
			(In thousands of US dollars)		
Assets					
Current assets					
Cash and cash equivalents	7	**US$**	**441,076**	US$	239,422
Trade debtors and other accounts receivable, net	8		**150,570**		169,637
Inventories	9		**38,228**		24,443
Other assets	10		**3,176**		3,089
			633,050		436,591
Non-current assets					
Trade debtors and other accounts receivable, net	8		**2,697**		3,321
Other non-financial assets	10		**620**		743
Property, plant and equipment, net	11		**1,486,615**		1,551,334
Intangibles, net	12		**53,944**		23,770
Rights-of-use	13		**11,642**		–
			1,555,518		1,579,168
Total assets		**US$**	**2,188,568**	US$	2,015,759
Liabilities and equity					
Current liabilities					
Debts and loans bearing interest	14	**US$**	**23,953**	US$	20,000
Trade accounts and other accounts payable	15		**111,084**		72,686
Tax current	16		**174,282**		105,080
Derivative financial instruments	17		**411**		25,403
Other liabilities	18		**3,568**		4,751
Provisions and contingencies	19		**2,135**		1,368
			315,433		229,288
Non-current liabilities					
Debts and loans bearing interest	14		**489,519**		480,979
Trade accounts and other accounts payable	15		**4,400**		4,621
Tax liabilities	16		**1,557**		923
Deferred tax liabilities	16		**64,879**		60,772
Other liabilities	18		**904**		3,376
Provisions and contingencies	19		**50,005**		43,827
			611,264		594,498
Total liabilities		**US$**	**926,697**	US$	823,786
Equity	20				
Subscribed and paid-in capital		**US$**	**81,714**	US$	81,714
Legal reserve			**40,858**		40,858
Accumulated profits			**1,045,088**		992,435
Other comprehensive income			**94,211**		76,966
Total equity			**1,261,871**		1,191,973
Total liabilities and equity		**US$**	**2,188,568**	US$	2,015,759

See accompanying notes.

Oleoducto Central S.A.

Statement of Income and Comprehensive Income

	Notes	December 31, 2019		December 31, 2018	
		(In thousands of US dollars, except net profit per share)			
Continued operations					
Revenues from ordinary activities	21	**US$**	**1,556,413**	US$	1,400,660
Cost of sales	22		**(326,568)**		(296,597)
Gross profit			**1,229,845**		1,104,063
Operations and project expenses	23		**(16,302)**		(16,796)
Administrative expenses	24		**(23,584)**		(23,673)
Other operating income (expenses), net	25		**41,683**		(2,500)
Operating profit			**1,231,642**		1,061,094
Financial costs, net	26		**(6,097)**		(8,709)
Profit before income tax			**1,225,545**		1,052,385
Income tax expense	16		**(413,589)**		(382,633)
Net profit of the year		**US$**	**811,956**	US$	669,752
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss (net of tax)					
Gain (Loss) from hedges of cash flow, net of taxes		**US$**	**14,425**	US$	(16,550)
Items that will not be reclassified to profit or loss Effect on currency translation					
Gain from exchange difference in translation			**2,820**		9,137
			17,245		(7,413)
Total net comprehensive income of the year		**US$**	**829,201**	US$	662,339
Net profit of the period per share		**US$**	**157.39**	US$	129.82

See accompanying notes.

Oleoducto Central S.A.

Statements of Changes in Shareholders' Equity

	Subscribed and Paid-in Capital		Legal Reserve		Other Comprehensive Income		Ac
At December 31, 2017	US$	81,714	US$	40,858	US$	84,379	US$
Distribution of dividends		–		–		–	
Net profit of the year		–		–		–	
Other comprehensive income							
Net loss from hedges of cash flow, net of taxes		–		–		(16,550)	
Net gain from exchange difference in translation		–		–		9,137	
At December 31, 2018		81,714		40,858		76,966	
Distribution of dividends		**–**		**–**		**–**	
Net profit of the year		**–**		**–**		**–**	
Other comprehensive income							
Net loss from hedges of cash flow, net of taxes		**–**		**–**		**14,425**	
Net gain from exchange difference in translation		**–**		**–**		**2,820**	
At December 31, 2019	**US$**	**81,714**	**US$**	**40,858**	**US$**	**94,211**	**US$**

See accompanying notes.

Oleoducto Central S.A.

Statements of Cash Flows

	December 31, 2019	December 31, 2018
	(In thousands of US dollars)	
Operating activities		
Net profit of the year	**US$ 811,956**	US$ 669,752
Adjustments to reconcile net profit of the year with net cash flows provided from operating activities:		
Depreciation of property, plant and equipment	**102,661**	103,633
Consumption of materials and spare parts	**4,645**	38,608
Impairment accounts receivable	**7**	–
Loss on disposal of property, plant and equipment	**11,875**	1,606
Loss on sale of non-current assets held for sale	**–**	139
Amortization of intangible assets	**4,217**	1,140
Amortization Rights-of-use	**8,760**	–
Additions (recovery) provision and contingencies	**778**	(47,090)
Deferred taxes, net	**(150)**	(4,052)
Income tax expense	**413,739**	386,685
Financial income	**(32,540)**	(4,841)
Financial costs	**23,272**	22,454
Loss (Gain) from exchange difference	**14,319**	(8,926)
Changes in operating assets and liabilities		
Decrease of trade debtors and other accounts receivable	**19,545**	26,948
Decrease of other assets	**111**	1,588
(Increase) inventories	**(14,264)**	(1,633)
Increase (decrease) of trade accounts and other accounts payable	**30,714**	(13,232)
(Decrease) increase tax liabilities	**(9,307)**	16,006
(Decrease) increase derivative financial instruments, net	**(3,489)**	8,933
Decrease of income received in advance	**(3,650)**	(6,265)
Interest received	**32,540**	4,841
Income tax paid	**(349,088)**	(463,666)
Cash provided from operating activities	**1,066,651**	732,628
Investing activities		
Acquisition of property, plant and equipment	**(48,319)**	(94,219)
Acquisition of intangibles	**(32,704)**	(9,207)
Proceeds from sale of assets held for sale	**–**	374
Cash used in investing activities	**(81,023)**	(103,052)
Cash used in financing activities		
Payments of liabilities from financial leasing	**(7,868)**	(83)
Interest paid	**(21,735)**	(20,000)
Dividends paid	**(756,455)**	(604,506)
Cash used in financing activities	**(786,058)**	(624,589)
Net Increase of cash and cash equivalents	**199,570**	4,987
Effect of the variation in exchange rates on cash and cash equivalents maintained in foreign currency	**2,084**	(1,921)
Cash and cash equivalents at the beginning of the period	**239,422**	236,356
Cash and cash equivalents at end the year	**US$ 441,076**	US$ 239,422

See accompanying notes.

Oleoducto Central S.A.

Notes to Financial Statements

For the years ended December 31, 2019 and 2018
(All amounts are expressed in thousands of dollars, except foreign currency amounts, exchange rates and the par value of the share).

1. Corporate Information

Oleoducto Central S.A. (hereinafter Ocensa or the Company) is a mixed economy company incorporated under the laws of Colombia, by means of public deed No. 4747 dated December 14, 1994 of Notary 38 of the Circle of Bogotá D.C, with a term of office until December 31, 2093 and whose corporate purpose includes designing, constructing, operating, managing, commercially exploiting and owning an oil transportation system (pipeline) for public use and related facilities, without any limitation, whose starting point is located at the Cusiana and Cupiagua stations, department of Casanare, and whose final point is located at the Coveñas port of embarkation located in the jurisdiction of the municipalities of San Antero, department of Córdoba and Coveñas, department of Sucre; as well as to design, build, operate and manage ports or maritime oil terminals and to provide, directly or indirectly, services related to port operations, especially storage, land and maritime handling, transportation and loading of crude oil and to provide other services related to the activity of transporting crude oil by pipeline.

The pipeline consists of nine pumping or booster stations, a pressure reducing station, a marine terminal, 836 kilometers of pipeline on land and 12 kilometers at sea, two bases for the coordination of maintenance activities and a control center. To carry out the transport operation, there is a communication system that allows total control of the operation through instruments located along the pipeline and in the stations. This allows for the control of the availability of the crude oil, its location and the verification of the commitments in crude oil transportation. The address of the main office of Oleoducto Central S.A., is Bogotá - Colombia. Ecopetrol is the parent company and exercises control over the Company through Cenit Transporte y Logística de Hidrocarburos S.A.S.

2. Basis of Preparation and presentation.

2.1. Statement of Compliance and Authorization of the Financial Statements

The Company’s financial statements have been prepared in accordance with the Accounting and Financial Information Standards Accepted in Colombia (NCIF), based on International Financial Reporting Standards (IFRS), together with their interpretations, conceptual reference framework, conclusion bases and application guidelines authorized and issued by the International Accounting Standards Board (IASB) as established by decree 2615 of December 17, 2014, decree 2420 of December 14, 2015, amended by decree 2496 of December 23, 2015; and decree 2131 of 2016, 2170 of 2017 and 2483 of 2018; and other legal provisions applicable to entities supervised and/or controlled by the Superintendence of Corporations, and by the National Accounting Office (Contaduría General de la Nación) that may differ in certain aspects from those established by other State control bodies.

The accounting policies described in Note 4 have been consistently applied.

The Financial Statements as of December 31, 2018, were prepared by Management and were approved by the Company's directors on June 18, 2020

2.2. Basis of Measurement

The Company's financial statements have been prepared based on the historical cost, except for the accompanying financial assets and liabilities at fair value with changes in results and/or changes in other comprehensive income, that are valued at their fair value at each period closing, as explained in the accounting policies included hereinafter.

In general, the historical cost is based on the fair value of the valuable consideration granted in lieu of assets and services. Fair value is the price that would be received upon selling an asset or paid upon transferring a liability in an ordered transaction between market participants at the measurement date. Upon estimating the fair value, the Company uses the assumptions that market participants would use upon setting the price of the asset or liability in present market conditions, including assumptions on the risk.

2.3. Functional and Presentation Currency

Items included in these financial statements are initially valued in the functional currency which is the U.S. dollar, that is the currency of the main the Company operates in and in addition the one in which it regularly generates and uses cash. The presentation currency is the U.S. dollar.

2.4. Foreign Currency

Upon preparing the financial statements, transactions in a currency other than the Company's functional currency are recorded using current exchange rates on the dates operations take place. At the end of each period, monetary items in foreign currency are translated at current exchange rates in force on that date and variations arising in the translation are recognized in the net financial result, except those resulting from hedging instruments of cash flows, which are recognized in other comprehensive income, within equity. When the hedged items affect results, exchange differences accumulated in equity are reclassified to the statement of profits and losses as part of the operation result.

Non-monetary items recorded at fair value, denominated in foreign currency, are translated at the exchange rate in force on the date the fair value was determined.

Profits and losses from exchange differences related to loans, and cash and cash equivalents are presented in the income statement account in line entitled "Financial income or financial expense." Remaining losses and gains from exchange differences are presented as exchange difference.

2.5. Classification of Assets and Liabilities as Current and non-Current

The Company presents assets and liabilities in the statement of financial position based on its current or non-current classification. An asset is current when:

- It is estimated that it will be cancelled or the expectation is that it will be sold or consumed in the normal operating cycle of the business.
- It is mainly maintained for purposes of being negotiated.
- The expectation is that it will be realized within twelve months following the reporting date; or,

2.5. Classification of Assets and Liabilities as Current and Non-Current (continued)

- It is cash or cash equivalent unless it is restricted to be exchanged or used to pay a liability for at least twelve months from the reporting date.

All other liabilities are classified as non-current.

A liability is current when:

- It is estimated that it will be settled in the normal operating cycle of the business.
- It is maintained mainly in order to be negotiated.
- It is expected that it will be cancelled within the twelve months subsequent to the reporting date; or,
- There is no unconditional right to defer the payment of the liability for a least twelve months subsequent to the reporting date.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6. Accounting Period

According to its bylaws, the Company prepares statutory financial statements for six-month periods ending June 30 and December 31 of each year. The financial statements as of and for the years ended December 31, 2019 and are special purpose and have been prepared solely to support the intended bonds issuance by the Company in the international capital markets. As a result, these financial statements may not be suitable for other purposes.

2.7. Net Profit per Share

The profit per share stated in approximated vs dollars' equivalents, is calculated upon dividing the net profit of the period attributable to shareholders by using the weighted average of outstanding ordinary shares during the period. There were no transactions with ordinary shares from the date of the period being reported to the issue date of these financial statements.

3. Judgments, Estimates, and Significant Accounting Assumptions

The Company's preparation of the financial statements requires that the Company's Management make judgments, estimates and assumptions to quantify some of the assets, liabilities, income, expenses and commitments recognized in the financial statements and their disclosures. These estimates have been made based on the best available information on the facts analyzed, management experience and other factors. Uncertainty about assumptions and estimates could result in future material changes that affect the value of assets or liabilities. Changes to these estimates are recognized prospectively in the period in which the estimate is revised.

In the process of applying accounting policies, Management has made the following judgments and estimates, which have had the most significant effect on the amounts recognized in the financial statements:

3.1. Impairment (Recovery) of Long-Lived Assets

At the end of each period being reported, the Company evaluates the carrying values of its long-lived assets (tangible and intangible assets) to determine if an indication exists that these amounts have suffered any impairment loss. In such case, the recoverable amount of the asset is calculated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company calculates the recoverable amount of a cash generator unit the asset belongs to. When a reasonable and consistent distribution base is identified, common assets are also assigned to the individual cash generator units, or distributed to the smallest group of cash generator units for which a reasonable and consistent distribution base may be identified.

The recoverable amount is the higher between the fair value less costs of disposal and the value in use. Upon estimating the value in use, future estimated cash flows are discounted from the current value by using a discount rate before taxes which reflects the current market valuations in respect to the temporary value of money and the specific risks of the asset for which the estimates of future cash flows have not been adjusted.

If the calculated recoverable amount of an asset (or cash generating unit) is lower than its carrying value, the carrying value of the asset (or cash generating unit) is reduced to its recoverable amount. Impairment loses are recognized immediately in the statement of income, except if the asset is recorded at a revalued amount, in which case, the impairment loss should be considered as a decrease in the revaluation.

When a loss from impairment is subsequently reversed, the carrying value (or cash generating unit) increases to the reviewed estimated value of its recoverable amount, so that the increased carrying value does not exceed the carrying value that had been calculated if the impairment value had not been recognized for such asset (or cash generating unit) in prior years. The reversal of a loss from impairment is recognized automatically in the statement of income.

3.2. Abandonment of Pipelines, Equipment and Other Facilities

In accordance with environmental and oil regulations, the Company must recognize costs on the abandonment of its property, plant and equipment, which include abandonment of the pipeline, dismantling of facilities and environmental recovery of affected areas.

A provision that covers dismantling costs and service retirement has been recognized in relation with the pipeline system. Dismantling costs and service retirement are accrued for the present value of expected costs to cancel the obligation, using future estimated cash flows, and are recognized as an integral part of the cost of such asset in particular. These cash flows are discounted at a current market rate before taxes, which reflects the specific risks of the liability. The discount amount is recorded as expense as incurred and is recognized in the statement of income as financial costs. Estimated future costs of dismantling and service retirement are reviewed annually, and adjusted as appropriate. Changes in estimated future costs or in the discount rate applied are added to or subtracted from the related asset cost.

The estimate of costs for abandonment and dismantling of these facilities are recorded in the functional currency of the Company at the time of the assets installation. The estimated obligation set up for abandonment and dismantling is subject to review at each period closing and adjusted to reflect the best estimate, due to technological changes and political, economic, environmental matters, as well as changes of security and of relations with stakeholders.

3.2. Abandonment of Pipelines, Equipment and Other Facilities (continued)

The calculations of these estimates are complex and involve significant judgments by the management, as the internal projections of costs future inflation and discount rates. The Company considers that abandonment costs are reasonable, based on the experience and market conditions; however, significant variations in external factors used for the calculation of the estimate could significantly impact the financial statements.

3.2.1. Litigation

The Company is subject to claims through regulatory and arbitration procedures, tax liquidations and other claims that arise during the ordinary course of businesses. The management and legal counsel evaluate these situations based on their nature, the probability that they materialize and the amounts involved to decide on the amounts recognized and/or disclosed in the financial statements. This analysis, which could require considerable judgments, includes legal processes filed against the Company and claims not yet initiated.

A provision is recognized when the company has a present obligation as a result of a past event, it is probable that an outflow of resources incorporating economic benefits to settle the obligation and a reliable estimate of the amount of such obligation can be made.

3.2.2. Income Tax

Significant judgments are required for the determination of income tax estimates and to assess the recoverability of deferred tax assets, which are based on the ability to generate sufficient fiscal results during periods in which such deferred taxes could be used or deducted.

Deferred tax liabilities are recorded in accordance with estimates of net assets that will not be deductible for tax purposes in the future.

To the extent that future cash flows and taxable income differ significantly from estimates, the Company's ability to use deferred tax assets recorded could be affected.

Additionally, changes in the tax regulations could limit the Company’s capacity to obtain tax deductions in future years, as well as the recognition of new liabilities as a result of challenges by the audit of the tax inspection entity. The tax positions adopted suppose the careful evaluation by Management, and are reviewed and adjusted in response to circumstance such as expiry of the application of the legislation, close of tax audits, additional disclosures caused by any legal topic or any decision of the Court on a tax matter in particular. The Company creates provisions based on the estimate of the possibility of a negative decision that could arise from a tax audit. The amount of these provisions depends upon factors such as previous experience in tax audits and different interpretations of tax regulations by taxpayer entities and of the tax audit. The actual results could differ from the estimates.

3.2.3. Hedge Accounting

The identification of hedging relations between protected objectives and hedging instruments (derivative financial instruments and/or not derivative) involve critical judgments on the effective existence of the hedging relationship and the effectiveness thereof.

3.2.3. Hedge Accounting (continued)

The Company continuously evaluate the alignment between the hedging relationships identified and the objects and strategy of its risks' management policy.

3.2.4. Useful Life of Property, Plant and Equipment

The Company determines estimated useful lives and depreciation charges corresponding to property, plant and equipment. This estimate considers the economic life of the pipeline and the limitations of its operation over time. This estimate could change, among other reasons, due to new oil discoveries, changes in the environmental legislation or in the contracts signed with the Company's shippers. Management periodically reviews useful lives and depreciation charges.

4. Accounting Policies

The following are significant accounting policies applied by the Company in the preparation of its financial statements consistently for all periods presented, unless otherwise indicated.

4.1. Financial Instruments

The classification of a financial instrument depends upon the nature and purpose whereby the financial asset or liability is acquired and is determined at the time of the initial recognition.

All regular purchases or sales of financial assets are recognized and written off at the transaction date. Regular purchases or sales are all those purchases or sales of financial assets requiring the delivery of assets within the time framework established by a regulation or in accordance with the market.

Financial assets and liabilities are initially valued at their fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets at fair value with changes in the statement of income) are added or reduced from the fair value of the financial assets and liabilities, as required, in the initial recognition. Transaction costs directly attributable to the acquisition of financial assets and liabilities at their fair value with changes in the statement of income are recognized immediately in results.

Financial assets at fair value with changes in income and with changes in other comprehensive income will be recorded subsequently at their fair value.

Fair Value

Reasonable value is the price that is expected to be received when selling an asset or would be paid to transfer a liability in an orderly transaction between market participants at the valuation date. The reasonable value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place on the main market of the asset or liability or in the absence of a main market in the most profitable market for the asset or liability.

The hierarchy of the fair value is based on the information level available in the market, which includes liquidity security, availability of exchange prices or indicators generated from market operations (rates, curves, volatilities and other valuation variables required).

4.1. Financial Instruments (continued)

Fair Value (continued)

- Level 1:

  (Non-adjusted) quotation prices of active markets for identical assets and liabilities. For the Company, Level 1 includes tradable securities actively transacted.

- Level 2:

  Entries other than Level 1 which are observable, either directly or indirectly. For the Company, entries of Level 2 include prices of similar assets, prices obtained through quotations of stock exchange brokers, and prices that may be substantially corroborated with other observable data with the same term of the contract.

- Level 3:

  Valuation techniques for which the lowest level input that is significant to the fair value measurement is not observable. The Company does not use level 3 inputs for its recurring measurements of financial assets and liabilities. The Company may use the Level 3 inputs to calculate the recoverable amount of certain non-financial assets in order to perform impairment tests Level 3.

Amortized Cost and Effective Interest Rate Method

The amortized cost value is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

The effective interest rate method is used to calculate the amortized cost of a financial instrument and the distribution of financial income throughout the relevant period. The effective interest rate is the discount rate which exactly matches estimated cash flows receivable or payable (including all commissions, transaction costs and other premiums or discounts that are included in calculating the effective interest rate) during the expected life of the financial instrument (or when necessary, within a shorter period) with the net carrying value in the initial recognition.

Impairment Financial Assets

Ocensa recognizes the value of the expected credit losses during the active lifetime according to the simplified approach. Asset credit losses are recognized before an instrument pass to be in default. To determine the risk, reasonable and sustainable information is used that refers to the historical behavior and the variables that indicate that there is risk in the future.

For financial assets measured at amortized cost, the amount of impairment loss is the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate of the financial asset.

4.1. Financial Instruments (continued)

Derecognition of Financial Assets

Ocensa derecognizes financial assets when assess whether the rights to the cash flows have expired, assess whether the rights to receive the cash flows have been transferred to another party, assess whether an obligation has been assumed to pay the cash flows from the asset to another party; and a) assess whether the entity has transferred substantially all the risks and rewards of ownership to another party or b) If substantially all the risks and rewards of ownership have not been transferred to another party, assess whether control has been retained.

When the Company does not transfer or retain substantially all the risks and benefits of the asset or transfer control of the asset, the Company continues to recognize the transferred asset, to the extent of its continuing participation, and also recognizes the associated liability.

4.1.1. Cash and Cash Equivalents

Cash and cash equivalents consist of financial investments and special deposits maturing within ninety (90) days as of their acquisition date and with a low level of risk in changes of their value.

4.1.2. Financial Assets

The classification of investments in financial assets depends on the purpose of their acquisition; these are classified into the following categories:

a) Financial Assets at Fair Value with Changes in Results

They are financial assets at fair value through profit or loss, assets acquired mainly to sell in the short term. Financial assets at fair value through profit or loss are recognized at their fair value, the profit or gains arising from the measurement are recognized in profit or loss results of the period.

b) Financial Assets at Fair value with Changes in the other comprehensive Income

They are cash flow hedging instruments. These instruments are recognized by their fair value, and unrealized losses or gains are recognized to other comprehensive income.

At the time of settlement, the accumulated adjustments account for the valuation in other comprehensive income are reclassified to retained earnings

c) Assets at Amortized Cost

They are financial assets with fixed or calculable payments, which are not quoted on an active market and classified as current assets; except for maturities over twelve months from the date of the statement of financial position, which are classified as non-current assets.

They are assets held for the collection of contractual cash flows where these cash flows represent only payments of principal and interest. The carrying amount of these assets is adjusted by any estimate of expected credit loss recognized. Interest income from these financial assets is included in "interest and similar income" using the effective interest rate method.

4.1.2. Financial Assets (continued)

They include loans and accounts receivable, commercial accounts and other accounts receivable which are measured initially at their fair value and subsequently at their amortized cost, using the effective interest method.

Employee loans are initially received at the present value of future cash flows, discounted at a market rate for a similar loan, if the interest rate of the loan is lower than the market interest rate, the fair value will be lower than the amount of the loan. This initial difference is recognized as employee benefits

4.1.3. Financial Liabilities

Financial liabilities correspond to financing sources secured by the Company through bank credits and bond issues, accounts payable to suppliers and creditors. The Company determines the classification of its financial liabilities in the initial recognition to be measured under the amortized cost method or fair value.

Bank credits and bond issues are initially recognized at their fair value, net of transaction costs incurred. The difference between the amount received and its main value is recognized in the period result during the amortization time of the financial obligation by using the effective interest rate method.

Financial obligations are classified as current liabilities unless the Company has an unconditional right to defer their liquidation during at least twelve months after the date of the statement of financial position.

Accounts payable to suppliers and creditors are short-term financial liabilities recorded at their par value, as they do not differ significantly from their fair value.

A financial liability shall remove when the obligation specified in the contract is discharged, cancelled or expires. When a financial liability present an exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability extinguished or transferred and the consideration paid, shall be recognized in profit or loss.

4.1.4. Derivative Financial Instruments

Derivative financial instruments are initially recognized at their fair value on the date the contract is entered into and are permanently re-measured at their far value.

If derivative financial instruments do not qualify to be recognized through the hedge accounting treatment, they are recorded at their fair value through the statement of income. Any change in the fair value of these derivatives is recognized immediately in the statement of income in financial costs.

If designated for hedge, the method to recognize the profit or loss resulting from changes in the fair values of derivatives depends upon the nature of the risk and the item hedged.

4.1.4. Derivative Financial Instruments (continued)

The Company designates certain derivatives as:

(a) Hedges of fair value of recognized assets or liabilities (fair value hedge)

(b) Hedges of a particular risk associated with a recognized asset or liability or of a transaction expected as highly probable (hedge of cash flows)

At the initiation of the hedging, the Company documents the relationship between hedging instruments and the items hedged, as well as its objectives and risks management strategy that back its hedging transactions. The Company documents its evaluation, both at the initiation of the hedge and periodically, of whether the derivatives used in hedge transactions are highly effective to compensate the changes in the fair values or in the cash flows of the hedged items.

The total of the fair value of derivatives used as hedge is classified as non-current asset or liability when the maturity of the hedged item exceeds 12 months, and is classified as current asset or liability when the maturity of the hedged item is lower than 12 months. Derivatives not used for hedge or which are held to be negotiated, are classified as current assets or liabilities.

(a) Hedges of Fair Value

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income, and the gain or loss of the hedged item attributable to the hedged risk adjust the carrying value of the hedged item and are recognized in the year results. The gain or loss related with the effective portion of the derivatives is recognized in the statement of income as “financial expenses”, as well as the ineffective portion that is also recognized in the statement of income but as financial costs.

If the hedge no longer complies with the criteria to be recognized through the accounting treatment of hedges, the adjustment in the carrying value of the hedged item, is amortized in results using the effective interest method, in the remaining period through its maturity.

(b) Hedges of Cash Flows

The effective portion of changes in the fair value of derivatives that are designated and qualify as hedges of cash flows is recognized in equity. The gain or loss related with the ineffective portion is recognized immediately in the statement of income in the same line in which the hedged element is recognized.

Amounts accumulated in net equity are recycled to the statement of income in the periods the hedged item affects them. However, when the expected hedged transaction results in the recognition of a non-financial asset, gains or losses previously recognized in equity are transferred from equity and included as part of the initial cost of the asset. Amounts capitalized are finally recognized in cost of sales when products are sold, if considered inventories, or in depreciation, when classified as property, plant and equipment.

When a hedge instrument expires or is sold, or when it no longer meets the criteria to be recognized through the accounting hedge treatment, any accumulated gain or loss in equity at that date remains in equity and is recognized when the projected transaction affects the statement of income.

4.1.4. Derivative Financial Instruments (continued)

When it is expected that a projected transaction will not occur, the gain or loss accumulated in equity is immediately transferred to the statement of income as financial costs.

4.2. Inventories

The inventories correspond to supplies (fuel, chemicals, etc.), materials, spare parts and consumption elements which are used in the maintenance and operation for the provision of the transport service of crude.

Inventories are valued using the weighted average method. Their cost includes the costs directly related to the acquisition and those incurred to give them their current condition and location. Inventories of consumables (spare parts and supplies) are recognized as inventory and then registered to the expense, or capitalized in the property, plant and equipment in projects insofar such items are consumed.

Inventories that are for sale and that due to their conditions cannot be used in the operation, are valued at the lowest between the cost and the net realizable value.

4.3. Related Parties

Related parties are considered those where one party has the ability to control the other or is controlled, has joint control, is under common control, exerts significant influence on the participant, or is a member of the key workforce management . Ocensa has considered as related parties, its parent company Ecopetrol S.A., the Companies that are under the common control of its parent (CENIT Transporte y Logistica de Hidrocarburos S.A.S, Oleoducto de Colombia S.A., Oleoducto de los Llanos Orientales S.A., Oleoducto Bicentenario de Colombia S.A.S., among other); and key management managers.

4.4. Property, Plant and Equipment

Recognition and Measurement

Property, plant and equipment are presented at cost, including the abandonment or dismantling cost, less accumulated depreciation and accumulated impairment losses.

All costs directly attributable to the location of the asset in the place and conditions necessary to be able to operate in the way foreseen by the Company are considered capitalizable. Such costs are mainly at: a) Their acquisition price, including importation tariffs and non-recoverable indirect taxes, b) costs of benefits to employees, deriving mainly from construction or acquisition, c) all costs directly attributable to the location of the asset in the place and conditions necessary to be able to operate in the way foreseen by the management, d) interest costs of loans attributable to the acquisition or construction of assets, and e) initial estimation of dismantling and abandonment.

The crude oil that is necessary to place the pipeline under operating conditions is treated as part of the cost of the pipeline.

4.4. Property, Plant and Equipment (continued)

Recognition and Measurement (continued)

Major spare parts and permanent maintenance equipment, which the Company expects to use for more than one period, are recognized as properties, plant, and equipment and will be recognized as an expense when they are consumed or as a higher value of another asset if applicable.

Any gain or loss on retirement of any element of property, plant and equipment is recognized in results of the respective period.

Subsequent Disbursements

Correspond to all disbursements made on existing assets in order to increase or extend expected initial useful life, increase productivity or productive efficiency, allow a significant reduction of operating costs, or replace a part or component of an asset considered critical for the operation are considered additions or improvements.

Expenses of repairs, conservation or maintenance of ordinary nature are charged to period results which they are produced in. However, disbursements associated with overhaul are capitalized.

Depreciation

Property, plant and equipment are depreciated by following the linear method during the estimated useful life. Technical useful lives are revised annually considering reasons such as: Additions or improvements (upon replacement of parts or critical components for asset operation), technological advances, obsolescence or other factors. The effect of these changes are recognized as a change in accounting estimate from the date of change. Depreciation of assets starts when they are under conditions of use. The useful life is determined under foreseen asset use criteria, its expected physical wear and tear, technical or commercial obsolescence, and legal limits or restrictions of asset use.

The estimated useful lives range between the following ranks:

Ducts, networks and lines	10 – 59 years
Buildings	19 – 55 years
Transportation equipment	7 – 46 years
Fluvial equipment	5 – 20 years
Others	4 – 22 years

Land is recorded independently from buildings or facilities and has an indefinite life; therefore, it is not subject to depreciation.

Depreciation methods, residual values and useful lives are reviewed annually and adjusted if required. Leasehold improvements are depreciated at the lower of the lease term and the useful life of the improvement.

4.5. Intangibles Assets

Intangible assets acquired separately are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis in accordance with their estimated useful lives.

Intangible assets with finite useful lives are amortized throughout their economic useful lives and are reviewed to determine if they had any value impairment, to the extent that an indication exists that the intangible asset could have suffered such impairment.

The period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each period closing on which it is reported. Changes in the expected useful life or in the expected consumption pattern of the asset are recorded when the amortization method or term is changed, as appropriate, and are prospectively treated as changes in accounting estimates. The amortization expense of intangible assets with finite useful lives is recognized in the statement of income as expenses resulting consistent with the function of the intangible assets.

According to IFRIC 12, a concession agreement is recognized under the intangible model asset when the operator acquires a right (license) to be charged to users, or for the purpose of its use of the public service. Cash should not be necessarily received since the amounts are conditioned to the level of use of the service by users. Revenues and costs related with the operating phase are recorded in accordance with IFRS 15 Revenues from Ordinary Activities from Contracts with Clients.

In the intangible assets model, the value of the asset is reduced through amortization, not through reimbursements. This leads to the recognition of income in two different moments: the first time for the provision of construction services (in exchange for the intangible asset), and the second time, when payments are received for the use of these services. The intangible asset must be accounted for according to what is established in IAS 38 Intangible Assets. This asset must be amortized during the period of the concession and through the straight line method. The port concession will be recognized as an intangible asset taking into account that the Company does not have the right to receive a fixed remuneration from the nation or from its clients, which guarantees an income during the term of the concession.

The accounting treatment applied to the recognition of the fixed consideration in the concession agreements comprises the reference value equivalent to the net present value of the installments, and is recognized as an intangible concession right charged to a liability.

The intangible will be amortized in straight-line over 20 years, and as a financial liability that will be updated annually for interests and the quotas paid are amortized.

What is paid for the variable component each year is recorded in the statement of income (expenses).

The costs incurred in investment commitments are recorded as construction costs and, simultaneously, revenues are recognizing in the statement of income.

4.6. Impairment of Long-Lived Assets

In order to assess the recoverability of of long-lived assets (tangible and intangible assets), Ocensa carrying value is compared to the value recoverable thereof at least on the period closing date or earlier in the event of identifying indications of asset impairment.

To analyze the impairment, assets are grouped in cash generating units (CGU), provided that such assets individually considered do not generate any cash flows which, to a great extent, are independent from those generated by other assets or CGU. Grouping assets in various CGU implies professional judgment and taking into consideration, among other parameters, business Segments.

The Company has one single cash generating unit (CGU), corresponding to the crude oil transport system.

The recoverable value is the higher of the fair value less costs of disposal and the value in use. Wherever the recoverable amount of an asset (or a CGU) is less than its net accounting value, the carrying value thereof (or the CGU's) is reduced to its recoverable value recognizing a value impairment loss in the period results.

The value in use is estimated as the aggregate of future discounted cash flows adjusted to the forecasted risk. Estimations of future cash flows used to assess the asset impairment are based on the forecasted prices of basic products, offer and demand, and product margins.

Upon recording of a loss from impairment, the future amortization expense is estimated based on the adjusted recoverable value.

Impairment losses may be reversed only wherever the reversal is related to a change in estimations used after recognition of the loss from impairment. Such reversals shall not exceed the carrying value of depreciation or amortization net assets that would have been estimated if the impairment had never been recognized, nor the recoverable value at the date of the impairment evaluation.

4.7. Provisions and Contingent Liabilities

Provisions are recognized wherever the Company has an actual obligation (whether legal or implicit) resulting from a past event and there is probability that outflows will be required to settle the obligation and the value thereof may be accurately measured.
The amount recognized as provision is the best estimation of the outflows required to settle an actual obligation at the end of the reporting period, taking relevant risks and uncertainties into consideration.

Contingent liabilities are not recognized but are subject to disclosure in the explanatory notes wherever there is probability that outflows will be required, including those whose value cannot be estimated.

The Company has as a policy not disclosing in detail information related with disputes with related parties concerning situations involving provisions, contingent liabilities, and contingent assets, insofar as that information seriously damages the Company’s position. In these cases, the Company provides information of a generic nature and explains the reasons that have led to make this decision.

4.7.1. Asset Retirement Obligation

Liabilities associated with the retirement of assets are recognized wherever the Company has obligations, whether legal or constructive, related to the retirement of ducts, properties and equipment. Such obligations shall be recognized by applying the discounted cash flows technique and taking the useful life of the relevant asset into consideration.

Should accurately estimating the provision during the period in which the obligation arises is impossible, then the provision shall be recognized at the moment where there are enough elements to make the best estimate.

The carrying value of the provision is revised and adjusted on an annual basis considering changes in the variables used to estimate it. The financial cost of re-measurement of such liabilities is recognized during the period as a financial expense.

4.8. Employees' Benefits

Oleoducto Central S.A. records short-term benefits, such as salary, vacations, bonuses and others, on the earned basis.

4.8.1. Benefits from Termination of Labor Contracts

Compensations for indemnity, in favor of the Company's employees, in accordance with applicable legal provisions, are demandable in case of termination without just cause.

The payment is based on proportions applied on the average base of salaries earned. Ocensa records the payments made against expenses.

4.9. Income Tax

Income tax expense is composed of income tax payable for the current period (including, when applicable, income and supplementary income and surcharge) and the effect of deferred tax in each period.

Current and deferred taxes will be recognized in profits or losses, except when they relate with items in other comprehensive income or directly in equity, in which case the current or deferred tax is also recognized in the other comprehensive income or directly in equity, respectively.

4.9.1. Current Tax

The Company determines the provision for income tax, based on the higher value between taxable income or presumptive income (the minimum estimated profitability amount foreseen by law to quantify and compute income tax). Taxable income differs from the income reported in the statement of comprehensive income due to taxable revenue or deductible expense items in different tax and accounting periods, special tax deductions, tax losses and recorded items that, according to tax regulations applicable in each jurisdiction, are deemed non-taxable or non-deductible.

4.9.1. Current Tax (continued)

The current tax is calculated by using tax rates enacted or substantially approved at the end of the period being reported. The current tax is shown net, after deducting advances paid and tax withholdings in favor.

4.9.2. Deferred Taxes

The deferred tax is recognized by using the liability method, based on temporary differences between the tax basis and the carrying value of assets and liabilities included in the financial statements. The deferred tax liability is recognized for all temporary tax differences. The deferred tax asset is recognized for all deductible temporary differences and tax losses pending amortization, provided there is probability that the Company will have future tax income against which such deductible temporary differences may be deducted.

The National Accounting Office (Contaduría General de la Nación) through communication CGN No.20162000000781 of January18, 2016, determined that the Company should not apply IAS 12 Income tax, paragraphs 38 to 45, stating that the deferred tax from the variations in the exchange rate resulting from comparing assets and liabilities in terms of its functional currency (U.S. dollar) to the tax bases in a different currency (Colombian pesos) should not be recognized in the financial statements.

The effect of the non- application of paragraph 41 of IAS 12 in the deferred income tax amounts is (US$11,779) for the statement of income for the year ended December 31, 2019 and US$33,996 for the statement of financial position as of December 31, 2019 (December 31, 2018: US$2,067 and US$45,775 respectively).

Deferred tax assets and liabilities are measured using the tax rates expected to be applied in the period in which the asset is realized or the liability is paid, in accordance with the current tax standards in each period. The carrying value of a deferred tax asset, is subject to review at the end of each reporting period and then reduced, provided that there is probability that the Company will not have enough future taxable income that allows recovering the asset, totally or partially.

Deferred taxes are not recognized if they arise from the initial recognition of an asset or a liability in a transaction (except in a business combination) that at the transaction date neither affects accounting income or the accounting profit or tax gain.

4.9.3. Other Taxes

The Company recognizes in the period's result costs and expenses of taxes other than the income tax, such as, the wealth tax, which is determined based on the tax equity; the industry and commerce tax which applied on the revenues obtained in municipalities upon the development of trade, industrial and service activities. Taxes are calculated with the current regulations.

4.10. Recognition of Revenue from Contracts with Customers

The Company recognizes revenues from contracts with customers based on a five-step model established in IFRS 15:

4.10. Recognition of revenue from Contracts with Customers (continued)

- Step 1. Identification of contracts with customers: A contract is defined as an agreement between two or more parties, which creates rights and obligations required, and establishes criteria that must be met for each contract. Contracts can be written, verbal or implicit through the customary business practices of a company.
- Step 2. Identification of performance obligations in the contract: A performance obligation is a promise in a contract with a client for the transfer of a good or service to the latter.
- Step 3. Determination of the price of the transaction: The price of the transaction is the amount of the payment to which the Company expects to be entitled in exchange for the transfer of the goods or services promised to a client, without taking into account the amounts received on behalf of third parties.
- Step 4. Distribute the transaction price among the performance obligations of the contract: In a contract that has more than one performance obligation, the Company distributes the price of the transaction among the performance obligations that represent the amount of the consideration to which the Company expects to have the right, in exchange for fulfilling each performance obligation.
- Step 5. Recognition of income when (or as) the Company fulfills a performance obligation.

The Company fulfills a performance obligation and recognizes revenue over time, if one of the following criteria is met:

a) The performance of the Company does not create an asset with an alternative use for the Company, and the Company has an enforceable right to payment for the performance completed to date.
b) The Company's performance creates or improves an asset that the client controls as it is created or improved.
c) The client at the same time receives and consumes the benefits that result from the performance of the Company as it works.

For performance obligations where none of the indicated conditions is met, the revenue is recognized at the moment in which the performance obligation is fulfilled.

When the Company fulfills a performance obligation by delivering the promised goods or services, it creates a contract asset for the amount of the consideration obtained with the performance. When the amount of the consideration received by a client exceeds the amount of the recognized revenue, this generates a contract liability.

The revenue is measured based on the consideration specified in the contract with the customer, and excludes the amounts received on behalf of third parties. The Company recognizes income when it transfers control over a good or service to a customer.

The Company evaluates its income plans based on specific criteria to determine if it acts as principal or agent.

Revenue is recognized to the extent that the economic benefits are likely to flow to the Company and if it is possible to reliably measure revenues and costs, if any.

4.10. Recognition of revenue from Contracts with Customers (continued)

The business of Ocensa is based mainly on a source of income, which includes the services associated with the transportation of crude oil from various types of contracts such as "ship and pay" and "ship or pay". The generated income is recognized when the control of the services is transferred to the client at a value that reflects the consideration that Ocensa expects to receive in exchange for such products and services.

Revenues from transportation services are recognized to the extent which service is provided to the customer and there are no conditions in which there are effects on a variable price related to volumetric adjustments or other contractual conditions that prevent recognition of income.

"Ship or pay" operations are recorded as income independently of the fact that all the crude is actually transported. "Ship and pay" operations are caused as income in the period in which the transport activity is carried out. In the contracts that have compensation term, the income is understood to be realized when the conditions established in each of them are met.

"Ship or Pay" contracts: some firm fixed quantities contracts of service that a customer will pay, even if the customer does not receive or use them. The quantities of products or services that a customer chooses not to take or use in the specified delivery period are called "deficient quantities."

- Prohibited recovery period: if a customer can not compensate for deficient amounts in future periods, the Group fulfills its performance obligations and recognizes the revenues for the quantities or services contractually specified as the period of service expires.
- Permitted recovery period: some Ship or Pay agreements contain poor recovery periods that allow customers to purchase the product or service in a future period and offset the specified contractual amounts of the product or service for which they paid but did not receive in a previous period.

If the client can compensate for deficient amounts in future periods, Ocensa has performance obligations to deliver those volumes at the customer's request (subject to contractual and capacity restrictions) . If the client is expected to recover all the deficiencies to which he is entitled contractually, any charge received related to the temporary deficiencies that will be offset in a future period will be deferred and the entity will recognize that amount as income when any of the following situations occurs:

a) The client exercises his right or,
b) The possibility that the client exercises his right to the volumes or services of deficiency is remote.

In the other cases, the income is recognized at the moment in which it has accrued and the true, probable and quantifiable right to demand its payment is born, product of having complied with the obligations with customers.

Interest income on arrears in the collection of the portfolio is recognized in accordance with the principles of prudence and realization.

Financial income is recognized in the income statement, in the period that is generated.

4.10. Recognition of Income from Contracts With Customers (continued)

Variable Considerations

When complying with the obligations established in the contracts with customers, via the provision of the service, there may be variable components of the transaction price. In these cases, Ocensa makes the best estimate of the transaction price that reflects the services transferred to customers.

Regarding the clauses of the contracts signed with clients and Ocensa, variable considerations associated with reimbursement rights, rebates or discounts that require an estimate and that generate a material impact on the Financial Statements are not contemplated.

Significant Financial Component

Generally, compliance with performance obligations and payments received from clients are executed in the short term, so there are no operations that contain a significant financial component that requires some adjustment of the consideration at its present value.

The book value recorded as trade accounts receivable corresponds to the value of the transaction and is recognized as the services are rendered.

Ocensa does not maintain significant agreements with non-operating partners in which it assumes the role of agent.

4.11. Costs and Expenses

Costs and expenses are individually presented by function and detailing, in the relevant notes, the composition of cost of sales and expenses related to administration, operation, projects and other expenses.

4.12. Financial Expense

Financial income and expenses mainly include: a) interest costs on loans and financing, except those that are capitalized as part of the cost of the asset, b) valuation of gains and losses on financial instruments measured at fair value through profit and loss, c) exchange differences on financial assets and liabilities, d) expenses for financial restatement of long-term liabilities (abandonment costs).

4.13. Cash Flows

The statement of cash flows informs the generation of cash by categories (operation, investment and financing) during a given period. Classification of cash flows according to the aforementioned activities provides information that enables users to assess the impact on the Company's financial position, as well as on the final amount of its cash and other cash equivalents.

Under accounting and financial information standards, the Company may report its cash flows from operations by using one of the following methods:

4.13. Cash Flows (continued)

- Direct method: consists of presenting separately the main categories of collections and payments in gross terms.
- Indirect method: starts presenting the gain or loss in net terms, an amount which is later corrected by the effects of non-monetary transactions, for all type of deferred payment items and accruals (revenue) which are the cause for collections and payments in the past or in the future, as well as loss or gain items associated with cash flows of operations classified as of investment or financing.

The Company presents its statements of cash flows under the indirect method.

The main categories include:

- **Operating Activities**

  Are the disbursements that result in recognition of an asset in the statement of financial position, such as payments, revenue from the acquisition of property, plant and equipment, intangible assets and other long-term assets, cash advances and loans to third parties or collections (other than transactions entered by financial entities).

- **Investing Activities**

Are the disbursements that result in recognition of an asset in the statement of financial position, such as payments, revenue from the acquisition of property, plant and equipment, intangible assets and other long-term assets, cash advances and loans to third parties or collections (other than transactions entered by financial entities)..

- **Financing Activities**

Are activities that result in changes in the size and composition of company-owned funds and monies borrowed, such as inflows from the issue of shares, payments to shareholders or reimbursements of the funds taken as loans.

Cash Flows in Foreign Currency

Cash flows from transactions in foreign currency will be translated into the functional currency by applying the amount in foreign currency at the exchange rate between both currencies prevailing on the date each relevant cash flow took place.

5. Information on Operation Segments

All Company's assets are located in Colombia and are focused on a single segment which is crude oil transportation. For administration purposes, Management supervises operating results based on the crude transportation operation, where its main assets are represented by the pipeline, this being the basis for decision making concerning the assignment of resources and evaluates its financial yields. There are no operating segments that should be aggregated to form part of that previously reported.

6. New Standards and Regulatory Changes

New regulation, Modifications and Understanding Incorporated into the Accepted Accounting Framework in Colombia whose Application Must be Evaluated Starting from January 1, 2019 or that Can be Applied in Advance

Legislative Decree 2170 of December 2017 introduced to the regulatory technical framework for financial information a new standard issued by the International Accounting Standards Board (IASB), to implement it beyond January 1st 2019, although its implementation could be implemented in advance.

The impact assessment of this new standard in accordance with the Company's analyses is described below.

IFRS 16 "Leases"

This Standard issued in January 2016 sets out the principles for the recognition, measurement, presentation and disclosure of leases, the new standard replaces IAS 17 Leases, IFRS 4 "Determination of whether an agreement contains a Lease", SIC-15 "Operating Leases – Incentives" and SIC-27 "Evaluation of the Essence of Transactions Adopting the Legal Form of a Lease".

The standard presents a control model for the identification of leases and their processing in the financial statements for lessees, differentiate an asset identified as the object of the lease and the services corresponding to the service contract as such, the Company could recognize more assets and liabilities, derived mainly from the rental of construction equipment and offices. At the lessees level the main changes lie in eliminating the differentiation of financial and operating leases, instead a single lease model is recognized in which all leases are recognized in the statement of financial position as a right-of-use asset and a lease liability, with the exception of leases in which the underlying asset is low-value and short-term leases. In addition, interest expense of the liability and depreciation expense of the recognized asset must be recognized in the audit statement separately.

Lessees must make remeasure of the liability on certain occasions (e.g., a change in lease period, changes in future lease flows). This liability´s remeasure will generally be recorded as an adjustment to the right of use of the asset. The new Standard brings no major changes in recognition, measurement and disclosure for lessor.

For the lessor are still classified as financial and operational leases. The standard will be effective for annual periods beginning on or after January 1, 2019 with limited possibilities for early implementation

The Company evaluated the potential impacts on its financial statements, the most significant impact being the recognition of assets and liabilities from its operating leases, especially for land, buildings, machinery, equipment and fleet and transportation equipment. In addition, the nature of the expenses corresponding to operating leases as lessee changed under IFRS 16, from expenses for leases to charges for depreciation of the rights of use of the asset and financial expenses in the liabilities for leases.

6. New Standards and Regulatory Changes (continued)

Transition to IFRS 16

The Company applies IFRS 16 as of January 1, 2019, using the modified retrospective approach, recognizing an asset for right of use on the date of initial application for leases previously classified as an operating lease IAS 17, which shall be equal to the value of the lease liability.

The Company has decided to use the exemptions permitted by the lease standard for contracts in which the execution period is less than twelve (12) months and contracts in which the underlying asset is considered low value. The Company has assessed the estimated impact of the initial application of IFRS 16 on its financial results as of January 1, 2019, as described below.

The Company recognized new assets and liabilities derived from its operating leases mainly for the following types of assets:

- Land
- Constructions and buildings
- Machinery and Equipment
- Fleet and transportation equipment

For the land, the expiration was defined as the shorter of the contract term and the useful life of the pipeline.

The Company has recognized operating lease expense on a straight-line basis over the term of the lease. The nature of the expenses related to the above-mentioned leases will change, since an amortization charge will be recognized for the right-of-use assets and the financial expense for the lease liabilities.

Reconciliation of financial liabilities

Minimum operating leasing payments at December 31, 2018	US$	36,546
Recognition of exemptions		
Short term		(734)
Low value		(102)
Incremental discount rate of debit at January 1,2019		(10,805)
Financial liabilities recognized by the application of IFRS 16 at January 1, 2019		**24,905**
Movement from January to December 2019		(13,156)
Financial lease obligations at December 31, 2019	**US$**	**11,749**

IFRIC 23 - Uncertainty over Income Tax Treatments

The interpretation deals with accounting for income tax when the tax treatments involve uncertainty that affects the application of IAS 12. This interpretation does not apply to taxes or encumbrance that are outside the scope of IAS 12, nor does it include the treatment of related interest and penalties that may arise. The interpretation deals explicitly with the following:

6. New Standards and Regulatory Changes (continued)

IFRIC 23 - Uncertainty over Income Tax Treatments (continued)

- If an entity has to consider tax uncertainties separately
- The assumptions an entity must make about whether the tax authorities will review the fiscal treatment
- How an entity should determine the final result, tax basis, losses to be compensated, tax deductions, and tax rates.
- How an entity should consider changes in facts and circumstances.

An entity must determine whether it considers each tax uncertainty separately or in conjunction with one or more other tax uncertainties. The approach that best estimates the resolution of the uncertainty should be followed. The interpretation is included in the Updated Compilatory Technical Annex 1 - 2019 of Decree 2270 of 2019 and is effective for fiscal years beginning on or after January 1, 2020, allowing for early and comprehensive application, certain exemptions are allowed in the transition. The Company will apply the interpretation from its effective date. The Company does not expect to affect its financial statements. Also, the Company may need to implement processes and procedures to obtain the information necessary to apply the interpretation correctly.

Annual Improvements 2018 (Issued October 2018)

The improvements were introduced into the Colombian accounting framework through Decree 2270 of 2019, and include:

Amendments to IFRS 3: Definition of a Business

The amendments to the definition of a business in IFRS 3 - Business Combinations help an entity determine if an acquired set of activities and assets is a business or not. They clarify the minimum requirements of a business, eliminate the assessment of whether market participants can replace missing elements, add guidance to help entities assess whether a process is acquired is substantive, reduce the definitions of a business and products, and introduce an optional test of reasonable concentration of value. Further illustrative examples are provided along with the amendments.

Since the amendments apply prospectively to transactions or events occurring on or after the date of the first application, the Company will not be affected by these amendments on the transition date.

Amendments to IAS 1 and IAS 8: Definition of Material or Relative Importance

The amendments align the definition of "Material" within IAS 1 - Presentation of Financial Statements, and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors and clarify certain aspects of the definition. The new definition states that *"Information is material or has relative significance if its omission, misstatement or overshadowing could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make based on the financial statements, which provide financial information about the specific reporting entity".*

Modifications to the definition of material or materiality are not expected to have a significant impact on the Company's financial statements.

7. Cash and Cash Equivalents

	December 31, 2019		December 31, 2018	
Term deposit certificates	**US$**	**350,919**	US$	170,205
Banks		**87,667**		64,698
Trusts		**2,474**		4,463
Cash		**13**		14
National tax refund securities (TIDIS)		**3**		42
	US$	**441,076**	US$	239,422

The fair value of cash and cash equivalents approximates their carrying value due to their short-term nature (less than three months) and their high liquidity. As of December 31,2019, cash has a restriction due to the embargo of the municipality of San Antero as follows: US$70.79 in the account of Banco de Bogotá. At December 31, 2018 Cash and cash equivalents have no restrictions or liens limiting their disposition.

8. Trade Debtors and Other Accounts Receivable

	December 31, 2019		December 31, 2018	
Related parties (*Note 28.1*)	**US$**	**127,644**	US$	139,534
Trade accounts receivable		**11,425**		23,872
Transport tax receivable		**7,016**		4,373
Accounts receivable from employees (1)		**2,460**		2,971
Others debtors		**4,722**		2,208
	US$	**153,267**	US$	172,958
Trade debtors and other short term accounts receivable		**150,570**		169,637
Trade debtors and other long term accounts receivable	**US$**	**2,697**	US$	3,321

(1) The Company granted the administration, handling and control of loans to employees to Fiduciaria Alianza S.A., which manages the detail by employee of those loans and their respective conditions. Loans to employees are considered financial assets and are recognized at their fair value.

Impairment for Receivables	December 31, 2019		December 31, 2018	
At the beginning of the year	**US$**	**199**	US$	217
Impairment losses recognized in profit or loss		**7**		–
Difference in currency exchange		**(8)**		(18)
At the end of the year	**US$**	**198**	US$	199

The carrying value of trade and other accounts receivable approximates their fair value

9. Inventories

	December 31, 2019		December 31, 2018	
Materials for service provision	**US$**	**12,189**	US$	12,752
Fuels and petrochemicals (1)		**26,039**		11,691
	US$	**38,228**	US$	24,443

The accumulated impairment as of December 31, 2019 was US$598 and US$295 in December 31,2018.

(1) The variation is mainly due to the fact that purchases of crude oil were made to manage a safety stock to guarantee the normal operation of the pipeline.

10. Other Non- Financial Assets

	December 31, 2019		December 31, 2018	
Prepaid expenses	**US$**	**2,736**	US$	2,365
Supplier advances (1)		**440**		724
	US$	**3,176**	US$	3,089
Prepaid expenses non-current	**US$**	**620**	US$	743

(1) Includes prepaid to suppliers as part of the acquisition of goods and services.

11. Property, Plant and Equipment, Net

		Plant and Equipment		Pipeline		Work in Progress (1)		Buildings		Land
At December 31, 2017	US$	544,844	US$	1,705,824	US$	69,010	US$	76,451	US$	21,362
Additions		294		140		45,886		12		–
Capitalization		23,130		26,229		(49,320)		–		–
Consumption of materials and spare parts		–		–		–		–		–
Sales and retirements		(2,575)		(36,297)		–		–		–
Update of the Abandonment Cost Rate		–		–		–		–		–
Transfers (3)		17,673		577		(1,067)		–		–
At December 31, 2018		583,366		1,696,473		64,509		76,463		21,362
Additions		**72**		**2,879**		**43,460**		**–**		**–**
Capitalization		**40,152**		**22,339**		**(62,980)**		**489**		**–**
Consumption of materials and spare parts		**(58)**		**(2,736)**		**(177)**		**–**		**–**
Sales and retirements		**(3,887)**		**(31,071)**		**(1,286)**		**(47)**		**–**
Update of the Abandonment Cost Rate		**–**		**7,374**		**–**		**–**		**–**
Transfers (3)		**3,133**		**(5,709)**		**(349)**		**12**		**–**
At December 31, 2019	**US$**	**622,778**	**US$**	**1,689,549**	**US$**	**43,177**	**US$**	**76,917**	**US$**	**21,362**
Depreciation and impairment provision										
At December 31, 2017	US$	(57,411)	US$	(781,286)	US$	–	US$	(9,839)	US$	–
Charge for period depreciation		(25,385)		(74,619)		–		(2,282)		–
Sales and retirements		1,534		35,960		–		–		–
Transfers (3)		7		31		–		–		–
At December 31, 2018		(81,255)		(819,914)		–		(12,121)		–
Charge for period depreciation		**(30,892)**		**(68,450)**		**–**		**(2,469)**		**–**
Sales and retirements		**3,691**		**20,801**		**–**		**8**		**–**
Transfers (3)		**1,734**		**714**		**–**		**2**		**–**
At December 31, 2019	**US$**	**(106,722)**	**US$**	**(866,849)**	**US$**	–	**US$**	**(14,580)**	**US$**	–
Net carrying value										
At December 31, 2018	US$	502,111	US$	876,559	US$	64,509	US$	64,342	US$	21,362
At December 31, 2019	**US$**	**516,056**	**US$**	**822,700**	**US$**	**43,177**	**US$**	**62,337**	**US$**	**21,362**

11.Property, Plant and Equipment, Net (continued)

(1) Work in Progress

The balance at December 31, 2019 includes mainly investments made in projects, such as Replacement of Equipment El Porvenir, Lazos Mov, Minor Equipment Changes, SCADA. Sipra II, Adaptation and Measurement of Vibrations in the Discharge, VFD Cusiana Project, Discharge Optimization, Scada, Maintenance Control Center, and other minor projects, as at December 31, 2018 these projects were also in progress.

During the year of 2019, the projects were capitalized. Replacement of Equipment, Firefighting System, Arcus Flex. Cusiana Spillway and capitalized maintenance investments executed during the years 2017, 2018 and 2019, the capitalized investments corresponded to the optimization of the system. There are projects in progress with early entries that are in operation and which are estimated to be completed during the year of 2020.

(2) Other

Includes spare materials, office equipment, computer and telecommunications equipment, transportation equipment and river equipment. There are no commitments and/or restrictions on the acquisition of property, plant and equipment.

(3) Transfers

Net transfers from property, plant and equipment at year 2019 amount to (US$1,231) and are detailed below: To inventory US$479 and intangibles for (US$1,687); from capitalized environmental provisions to Property, plant and equipment US$464 and from trade accounts payable to (US$487).

Net transfers from property, plant and equipment at year 2018 amount to (US$5,517) and are detailed below: To assets held for sale US$18,270, inventory (US$22,808) and intangibles for (US$1,439) and from capitalized environmental provisions to Property, plant and equipment US$460.

Impairment

As at December 31, 2019 and 2018, the Company evaluated if there were indications of impairment in the cash generator unit by means of a qualitative analysis, where external variables were verified such as the legal, technological and market environment, and of internal variables such as the useful life, obsolescence and/or physical impairment, as well as changes in current contracts; concluding that at the time of the analysis, no impairment evidences exist of the cash generator unit. See note 29 for further disclosure on the potential impacts of the COVID 19 pandemic.

12. Intangibles, Net

	Licenses and Software		Service Concession Agreement		Agreement Gas Transmission		Total	
Acquisition cost								
At December 31, 2017	US$	15,806	US$	50,957	US$	4,561	US$	71,324
Additions		495		8,712		–		9,207
Retirements		(88)		–		–		(88)
Transfers		235		564		640		1,439
At December 31, 2018		16,448		60,233		5,201		81,882
Additions		**794**		**31,910**		**–**		**32,704**
Retirements		**(5,048)**		**–**		**–**		**(5,048)**
Transfers		**145**		**1,133**		**409**		**1,687**
At December 31, 2019	**US$**	**12,339**	**US$**	**93,276**	**US$**	**5,610**	**US$**	**111,225**

12. Intangibles, Net (continued)

	Licenses and Software		Service Concession Agreement		Agreement Gas Transmission		Total	
Amortization								
At December 31, 2017	US$	(13,214)	US$	(43,846)	US$	–	US$	(57,060)
Charge for period amortization		(158)		(722)		(260)		(1,140)
Sales and retirements		88		–		–		88
At December 31, 2018		(13,284)		(44,568)		(260)		(58,112)
Charge for period amortization		**(1,148)**		**(2,794)**		**(275)**		**(4,217)**
Sales and retirements		**5,048**		**–**		**–**		**5,048**
At December 31, 2019	**US$**	**(9,384)**	**US$**	**(47,362)**	**US$**	**(535)**	**US$**	**(57,281)**
Net carrying value								
At December 31, 2018	US$	3,164	US$	15,665	US$	4,941	US$	23,770
At December 31, 2019	**US$**	**2,955**	**US$**	**45,914**	**US$**	**5,075**	**US$**	**53,944**

Service Concession Agreement

Port Concession Agreement No. 016 of December 6, 1996, whose purpose is to grant a port concession for the construction and operation of off-shore facilities of a new oil terminal of Coveñas intended to load exportation crude, was initially intended to render a private service.

On October 24, 2011, Addendum No. 2 is signed whereby the class of service is changed from private port to public port intended for the handling of exportation crude.

Addendum number 03 was signed on December 5, 2016, where the obligations regime is adjusted, the concession term is extended for 20 more years and the value of the valuable consideration and of investments is changed based on the investments plan delivered by the Company and approved by the Agencia Nacional de Infraestructura, a total investment of US$104 million at the net present value equivalent to US$56 million (discounted at a rate of 12%, included in the contract signed by the parties).

Addendum number 04 was signed on December 4, 2018, where the investment plan is adjusted extending for two years the replacement of the Monoboya, transferring the operation start-up to 2021, concentrating the investment between 2019 – 2020. This change does not modify the type of heading formulated in the initial plan. The economic impact is transferred to the change of hoses, which increased by approximately US$5 million based on the technical analysis.

With these changes the nominal value of the investment passes from US$104.9 million to US$108.5 million, maintaining the net present value equivalent to US$56 million (discounted at a rate of 12%, included in the contract signed by the parties).

As at December 31, 2019 the fixed portion of the valuable compensation was recorded which amounts to US$6,044 for the 17,5 years, which was discounted at a risk free rate of 1.18% in dollars, a rate taken from de Treasury Department, which was recognized as an intangible asset and a financial liability.

12. Intangibles, Net (continued)

Service Concession Agreement (continued)

The intangible will be amortized using the straight-line method over 20 years and the liability will be updated annually for interests and the installments paid are amortized, and at December 31, 2018 corresponds to the sum of US$5,597

13. Rights-of-Use

		Land		Constructions and Buildings		Machinery and Equipment		Fleet and Transportation Equipment		Total
At December 31, 2018	US$	–	US$	–	US$	–	US$	–	US$	–
Transfers		**331**		**4,903**		**6,217**		**8,951**		**20,402**
At December 31, 2019	**US$**	**331**	**US$**	**4,903**	**US$**	**6,217**	**US$**	**8,951**	**US$**	**20,402**
Amortization										
At December 31, 2018	US$	–	US$	–	US$	–	US$	–	US$	–
Charge for period amortization		**(14)**		**(827)**		**(2,679)**		**(5,240)**		**(8,760)**
At December 31, 2019	**US$**	**(14)**	**US$**	**(827)**	**US$**	**(2,679)**	**US$**	**(5,240)**	**US$**	**(8,760)**
Net amount in books										
At December 31, 2018	US$	–	US$	–	US$	–	US$	–	US$	–
At December 31, 2019	**US$**	**317**	**US$**	**4,076**	**US$**	**3,538**	**US$**	**3,711**	**US$**	**11,642**

14. Debts and Loans Bearing Interest

Composition of Loans

Loans are recorded at their amortized cost, which corresponds to the present value of cash flows, discounted at effective interest rate.

		December 31, 2019		December 31, 2018
Short-term loans				
Interest payable for external public credit	**US$**	**20,000**	US$	20,000
Rights-of-use		**3,953**		–
	US$	**23,953**	US$	20,000
Long-term loans				
External Public Credit Bonds	**US$**	**481,723**	US$	480,979
Rights-of-use		**7,796**		–
	US$	**489,519**	US$	480,979
	US$	**513,472**	US$	500,979

14. Debts and Loans Bearing Interest (continued)

Long-Term External Public Credit Bonds

By means of Resolution 1369 of April 29, 2014, the Ministry of Finance and Public Credit authorized the Company to subscribe, issue and place External Public Debt Bonds, under Rule 144 A / S Registration of the United States of America Securities Act, in international capital markets for up to five hundred million dollars of the United States of America (US$500,000,000) in order to finance the needs of investment of future expansion projects (Potency 135 and Warming).

The characteristics, term and conditions are as follows:

- Redemption term: 7 years, with a maturity date until May 7, 2021
- Issue price: 99.367%
- Amortization: Upon maturity
- Yield at maturity: 4.105%
- Denomination currency: Denominated in dollars of the United States of America (US$)
- Interest rate: Fixed, in accordance with market conditions prevailing on the bonds placement date, thus complying with the maximum limits for the external indebtedness interest rates defined by the Central Bank.
- Denominations US$200,000 and integral multiples of US$1,000
- Listed in: Luxembourg Stock Exchange

The variation of this obligation for both periods corresponds to the recognition in the statement of interest results by the effective interest rate method, and also includes the exchange difference generated by the conversion of the debt from functional currency to presentation currency.

Below is the fair value of bonds (Unaudited):

	December 31, 2019	December 31, 2018
Fair Value	**US$ 510,105**	US$ 493,070

Loans are recorded in the financial statements at their amortized cost, which corresponds to the present value of cash flows, discounted at the effective interest rate.

For the measurement at fair value bonds were valued using as source the Bloomberg methodology. Bloomberg.

Article 28 of External Resolution No. 8 of 2000 of the Board of Directors of the Central Bank establishes that interest rates of foreign currency credits, including securities placed in international markets, should reflect market conditions and may not exceed the maximum rate applicable generally indicated by the Central Bank.

Payment dates of interest will be May 7 and November 7 of each year, starting on November 7, 2014.

Issue date: May 7, 2014; T+5, gross value: US$496,835,000; rate: 4.000%, determined on a 30/360-day basis.

14. Debts and Loans Bearing Interest (continued)

Loans Maturity Profile

The loans maturity profile is described below:

	Up to 1 year		1 – 5 years		> 5 years		Total	
At December 31, 2019								
External Public Credit Bonds	**US$**	**20,000**	**US$**	**481,723**	**US$**	**–**	**US$**	**501,723**
Rights-of-use		**3,953**		**7,473**		**323**		**11,749**
	US$	**23,953**	**US$**	**489,196**	**US$**	**323**	**US$**	**513,472**
At December 31, 2018								
External Public Credit Bonds	US$	20,000	US$	480,979	US$	–	US$	500,979
Rights-of-use		–		–		–		–
	US$	20,000	US$	480,979	US$	–	US$	500,979

15. Trade Accounts and Other Accounts Payable

	December 31, 2019		December 31, 2018	
Suppliers and accounts payable (1)	**US$**	**100,379**	US$	66,491
Related parties (*Note 28.1*)		**8,424**		5,127
Withholding tax		**3,803**		3,703
Withholdings and payroll contributions		**1,650**		979
Employees fringe benefits		**910**		811
Industry and commerce tax withholdings		**318**		196
	US$	**115,484**	US$	77,307
Trade accounts and other accounts payable, short term	**US$**	**111,084**	US$	72,686
Trade accounts and other accounts payable, long term	**US$**	**4,400**	US$	4,621

(1) The accounting value of trade accounts and other accounts payable is close to its fair value due to its short term nature.

16. Current Tax Liabilities

Below is the detail of the current taxes:	December 31, 2019		December 31, 2018	
Income tax	**US$**	**167,117**	US$	100,571
Other taxes (1)		**7,165**		4,509
	US$	**174,282**	US$	105,080

(1) Corresponds to Sales Tax, Industry and Trade and Transportation Tax.

Below is the detail of the Current tax:

16. Current Tax Liabilities (continued)

	December 31, 2019	December 31, 2018
Provision for income tax (2)	**US$ 408,374**	US$ 314,725
Provision for surtax (2)	**–**	38,174
Less:		
Income tax advance	**209,891**	187,377
Surtax advance	**–**	39,707
Withholding tax balance in favor	**30,701**	23,518
Heavy machinery creditable VAT	**–**	1,726
ICA discount paid	**70**	–
VAT discount paid	**595**	–
Income tax	**US$ 167,117**	US$ 100,571

Income Tax Expense

The main elements of income tax expense for the year 2019 and 2018, respectively, are as follows:

	December 31, 2019	December 31, 2018
Current tax		
Provision for income tax of the year (2)	**US$ 405,282**	US$ 343,885
Provision of surtax	**–**	41,637
Adjustment of prior periods' income tax expense and surtax	**654**	(287)
ICA tax discount paid	**(71)**	–
Hedges (1)	**7,874**	1,450
	413,739	386,685
Deferred tax		
Deferred income tax	**(150)**	(4,052)
Total income tax expense	**US$ 413,589**	US$ 382,633

(1) Corresponds to the effect of the derivative instruments that cover the payment of income tax, which affect the result in year.
(2) The difference between the provision for income tax and surtax and the provision for income tax of the year is recorded in the exchange difference gain (loss), net.

Reconciliation of the Effective Tax Rate

The reconciliation of the effective tax rate for year 2019 and 2018, respectively, is as follows:

	Period of Twelve Months Ended			
	December 31, 2019		December 31, 2018	
	Values	Rates	Values	Rates
Accounting profit before tax	**US$ 1,225,545**		US$ 1,052,385	
Income tax applying the Company's local tax rate	**404,430**	**33.00 %**	389,383	37.00 %
Non-deductible expenses	**2,329**	**0.19 %**	1,323	0.13 %

16. Current Tax Liabilities (continued)

Reconciliation of the Effective Tax Rate (continued)

	Period of Twelve Months Ended			
	December 31, 2019		December 31, 2018	
	Values	Rates	Values	Rates
Difference between taxable base of income and Surtax	**–**	**–**	(11)	0.00 %
CREE taxes	**–**	**–**	(2,693)	(0.26 %)
Conversion adjustments – dollar functional Currency	**(1,502)**	**(0.12 %)**	(6,036)	(0.57 %)
Differential in rate – deferred tax	**(198)**	**(0.02 %)**	(287)	(0.03 %)
Prior years income tax expense	**654**	**0.05 %**	–	–
ICA tax discount	**(71)**	**(0.01 %)**	–	–
Hedges	**7,947**	**0.66 %**	954	0.09 %
Tax profit before tax	**US$ 413,589**	**33.75 %**	US$ 382,633	36.36 %

Deferred Income Tax

Below is the detail of deferred tax assets and liabilities is the following:

	December 31, 2019	December 31, 2018
Assets		
Accounts payable	**US$ 13,616**	US$ 12,991
Provisions	**15,161**	13,060
Accounts receivable	**1,281**	–
Intangibles	**878**	22
Hedges	**132**	8,383
Deferred tax asset	**US$ 31,068**	US$ 34,456
Liabilities		
Property, plant and equipment	**US$ (95,947)**	US$ (94,286)
Other assets	**–**	(942)
Deferred tax liability	**(95,947)**	(95,228)
Net deferred tax	**US$ (64,879)**	US$ (60,772)

The net movement of deferred taxes during the period is the following:

	December 31, 2019	December 31, 2018
Initial balance	**US$ (60,772)**	US$ (82,413)
Credit to statement of income	**150**	4,052
Debit to other comprehensive income	**(7,077)**	8,452
Translation adjustment	**2,820**	9,137
Ending balance	**US$ (64,879)**	US$ (60,772)

16. Current Tax Liabilities (continued)

Deferred Income Tax (continued)

The net deferred income tax asset/liability recognized in other comprehensive income for the year 2019 and 2018, is as follows.

	December 31, 2019		December 31, 2018	
Deferred asset – Hedge	**US$**	**(7,077)**	US$	8,452

The income and supplementary tax returns that are open for review by the Tax Authorities are as follows:

Term	Statement	Date of Submission
2015	Income Tax	Apr-21-2016
2016	Income Tax	Apr-24-2017
2016	CREE	Apr-24-2017
2017	Income Tax	Apr-19-2018
2018	Income Tax	Apr-22-2019

Of the previous statements, the Tax Authority carried out an auditing process for the period 2015.

From the process of reviewing the income tax and supplementary tax returns, no comments and/or adjustments are expected from the Tax Authorities that imply a higher tax payment.

The Firmness of Income Tax and Complementary Tax Returns

Prior to the issuance of Law 1819 of 2016, Article 714 of the Colombian Tax Code established the terms of firmness in 2 years. (General firmness: from the date of the period to declare, Late submission: from the date of submission, and Balance in favor: after the date of presentation of the request for refund or compensation).

As of 2017 and with the entry into force of Law 1819 of 2016, the general term of firmness of the tax returns is 3 years from the date of its expiration or from the date of its presentation, when these have been presented extemporaneously. The term of firmness is 6 years when there are transfer pricing obligations.

For those statements in which balances are presented in favor, the term of firmness is 3 years, from the date of presentation of the request for refund or compensation.

For those tax returns where tax losses are offset, the firmness corresponds to the same period that the taxpayer has to offset it, that is, 12 years. This term extends from the date of compensation for 3 more years concerning the declaration in which the loss was liquidated.

From 2019 and with the entry into force of Law 1943 of 2018, the extension of the firmness of 3 additional years for compensation of tax losses is eliminated.

16. Current Tax Liabilities (continued)

The Firmness of Income Tax and Complementary Tax Returns (continued)

For the Company, the 2016 income tax return may be reviewed by the tax authority within 6 years from the date of filing, considering that for this period, Ocensa was subject to transfer pricing rules. Also, tax returns for the years 2017 and 2018 may be reviewed within the 3-year general firmness period. In the case that this occurs, as reported by the Administration, no significant differences are expected that would imply the modification of the liquidated tax, nor the imposition of sanctions that would lead to the recognition of contingencies in the financial statements.

On the other hand, the income tax return for the year 2015 is in the process of being discussed with the tax administration.

16.1. Other Taxes

	December 31, 2019		December 31, 2018	
Transport tax	**US$**	**7,084**	US$	4,441
Sales tax – VAT payable		**67**		53
Industry and commerce tax		**14**		15
Other taxes short term		**7,165**		4,509
Sales tax - VAT “Plan Vallejo”		**1,557**		923
Other taxes long term	**US$**	**1,557**	US$	923

Transportation Tax

The related transportation tax represents the actual and estimated volumes of crude oil transported during the period in question plus the value of the payment pending cancellation to municipalities that, by order of the National Planning Department, order us to pay, the balance is classified as follows:**16.1.**

	December 31, 2019		December 31, 2018	
Estimated transport tax	**US$**	**7,029**	US$	4,373
Accounts payable		**55**		68
	US$	**7,084**	US$	4,441

16.2. Other Aspects

Law 1819 of December 29, 2016, established that accounting and financial reporting standards accepted in Colombia (NCIF) would only have tax effects when tax laws expressly refer to them or when they do not regulate the matter. In any case, the tax law may expressly provide for a different treatment in accordance with Article 4 of Law 1314 of 2009.

16.2. Other Aspects (continued)

Dividend Tax

On profits generated from 2017 onwards, it applies the dividend tax to foreign companies and entities.

The rate of this tax for dividends distributed to foreign companies and entities until 2018 was 5% (which is collected through the withholding at source mechanism) in the event that the dividends come from profits that were not subject to taxation at the society level. Otherwise, that is, the profits have not been subject to taxation at the level of the society, the dividend will be subject to income tax at a rate of 35%. In this scenario, the 5% dividend tax applies to the amount of the taxed distribution, once it has been reduced by the income tax at the 35% rate.

Law 1943 of 2018 established that as of January 1, 2019, dividends and participations paid or credited to accounts from distributions made among Colombian companies are subject to a withholding tax at the source of dividend tax at a rate of 7.5%. On the other hand, if the profits from which the dividends were distributed were not subject to taxation at the level of the company, such dividends are taxed with the income tax applicable in the distribution period (the year 2019 applicable rate 33%). In this case, the 7.5% withholding tax will be applied to the value of the dividend once it has been reduced by the income tax (33% for the year 2019).

The 7.5% withholding rate will be caused only on the first distribution of dividends among Colombian companies and may be credited against the dividend tax once it is payable by the local resident shareholder or the foreign investor.

Tax on Equity

Law 1943 of 2018 created, beginning in 2019, the new equity tax, payable by individuals and illiquid successions with or without residence in the country and foreign companies and corporations that do not declare income in Colombia, and that own assets in Colombia, other than shares, accounts receivable, and portfolio investments. Neither shall they be subject to net equity tax foreign companies or local companies that do not file income tax returns and that subscribe financial leasing contracts with entities resident in Colombia. The generating fact was the possession on January 1, 2019, of a liquid patrimony equal to more than $5,000 million of pesos.

Presumptive Rent

Until the 2019 taxable year, the liquid rent of the taxpayer cannot be less than 1.5% of his liquid equity, on the last day of the immediately preceding taxable year.

Audit Benefit

Law 1943 of 2018 established that taxpayers who, during the 2019 tax year, in their private income tax and supplementary tax liquidation, increase their net income tax by at least 30%, concerning the net income tax of the immediately preceding year, shall make their tax return firm within six (6) months from the date of its submission, if no notification has been made of the notice to correct or special requirement or emplacement notice or provisional liquidation, and provided that the tax return is submitted promptly and payment is made within the stipulated deadlines.

16.2. Other Aspects (continued)

Audit Benefit (continued)

However, if the increase in the net income tax is at least 20%, in relation to the net income tax of the immediately preceding year, the return will become final within twelve (12) months from the filing of the tax return, if no notification has been made of the notice to correct or special requirement or emplacement notice or provisional liquidation, and provided that the tax return is submitted on time and payment is made within the stipulated deadlines.

The above benefit does not apply to: (i) taxpayers who enjoy tax benefits due to their location in a determined geographical area; (ii) when it is demonstrated that declared withholdings at source are non-existent; (iii) when the net income tax is less than 71 UVT (2019 is equivalent to $2.433.170). The term provided for in this rule does not extend to withholding tax returns or sales tax, which shall be regulated by the general rules.

Tax Reform

Income Tax

In 2019, the National Government issued Law 2010 in accordance with the objectives which on this matter was promoted by Law 1943 of 2018, however, presents the following modifications:

The income tax rate for the taxable year 2020 and the following:

Year	Standard Rate*	Rate Applicable to Financial Institutions**
2020	32%	36%
2021	31%	34%
2022 and subsequent	30%	33%

* The rate applied to domestic companies, permanent establishments, and foreign entities.

** Rate applied to financial institutions with taxable income equal to or greater than 120,000 UVT, as provided for in paragraph 7 included in Article 240 of the Colombian Tax Code.

On the other hand, it reduces for the year 2020, the applicable rate for purposes of calculating income tax under the presumptive tax system which will be 0.5% of the net worth of the taxpayer of the immediately preceding year. As of 2021, the applicable rate will be 0%.

Dividend Taxes

The fee is reduced from 15% to 10% for resident citizens, illiquid estates. Likewise, the rate is increased from 7.5% to 10% for non-resident individuals and legal entities and permanent establishments. The rate applicable to national companies is maintained at the 7.5% rate

Tax on Equity

For the taxable years 2020 and 2021, the equity tax is maintained, for resident natural persons and non-resident natural and legal entities.

16.2. Other Aspects (continued)

Normalization Tax

The normalization tax is extended for the year 2020, complementary to income tax and equity tax, in charge of income taxpayers who have omitted assets or non-existent liabilities. The applicable rate for this taxable period is 15%, and the independent tax return must be filed until September 25, 2020, which does not allow for correction or untimely filing, as in 2019, the applicable rate may be reduced to 50% when the taxpayer normalizes assets abroad and invests them intending to remain in the country.

Sales Tax

In terms of sales tax, those elements (services or raw materials) on which the free zone user has already paid VAT were excluded from the base for determining VAT on imports of goods from the free zone. Article 491 of the Colombian Tax Code is revived, which expressly prohibits the possibility of taking as a deductible tax the VAT paid on the acquisition of fixed assets. Three days a year of VAT exemption are established for certain products, with limits depending on the units acquired.

Tax Procedure

The audit benefit applicable to the taxable year 2019 is extended for the taxable years 2020 and 2021.

Reduction to five years of the firmness term applicable to tax returns where tax losses are offset or generated and compared with the years required to comply with the transfer pricing system.

The term for voluntarily correcting tax returns in which the credit balance is decreased or the value to be paid is increased is extended to three years.

17. Derivative Financial Instruments

	December 31, 2019	**December 31, 2018**
Forward Contracts	**US$ 411**	US$ 25,403

Correspond to the valuation of financial instruments deriving from Oleoducto Central S.A., whose purpose is to mitigate the volatility of the exchange rate on the cash flow required for Company's operations. The balances correspond to their fair value classified in the second level of hierarchy, calculated based on observable entries by using the methodology of forward points.

Taking into account that the Company's functional currency is the US dollar, any transaction in a currency other than the US dollar represents an exposure to the exchange rate risk for Company's performance. In order to mitigate the impact on cash flows that could be generated as a result of variations in rates of Colombian peso versus the US dollar, the management evaluates the exposure to this risk for the twelve (12) months moved forward subsequently and makes the decision to contract hedge instruments for the cash flow in pesos, within the framework established by the financial risk management policy.

17. Derivative Financial Instruments (continued)

The use of three derivative instruments is established in such policy: Forwards, collars and options. At present, the Company has only entered into hedge operations by means of forward instruments under the non-delivery basis.

The Company covers mainly the following risks:

- Up to 50% of its operating expenses. The main headings of operating expenses the Company is hedging are those related to personnel, leases, fees and services, insurance, maintenance and repairs, variable costs, which are denominated in Colombian pesos.

- Up to 100% of its operating expenses. Tax headings being covered correspond to income tax and related taxes, and surcharge.

Forward hedge instruments being used allow setting the sales price in US dollars, which will offset the effect of devaluation or revaluation arising up to the time the Company monetizes resources necessary to cover its monthly or specific obligations on operating expenses and tax payments, which are payable in Colombian pesos.

The nominal value of forward operations is US$377,858 (December 31, 2018 US$332,437). Taking into account that the Company seeks to minimize the exchange exposure for the twelve (12) future months, cash flows are expected to be made and payments of months from January to December, 2020 are expected to be covered.

The change in the net position of the hedges opened in the indicated periods, is due to the differences between the agreed rate in the hedges and the projected forward rate for the valuation of the derivative, so as of December 31st, 2019, the average value of the covered rate is US$3,304.44 / peso, being below the average projected forward rate, which is US$3,304.22. As of December 31th,2018 the average value of the covered rate is US$3,073.59 / peso, being below the average projected forward rate, which is US$3,274.25.

The variation and/or compensation of the hedging operations carried out for the payment of taxes are recorded as a lesser and/or greater value of the covered expense than in the period in which the hedged item is recognized in the income statement and the following periods until it is realized, the variation is recorded in the exchange rate item; the variation of the expense coverage operations (Opex) will be recorded in the state of integral result as long as they are effective; once it is liquidated the result of the compensation will be recorded as a lesser and/or greater value of the amount of the covered expense.

To evaluate the effectiveness of the coverage achieved with the above instruments, the qualitative method of the Critical Elements will be used. Thus, the hedging instruments used are compared with hypothetical derivatives that have a direct economic relationship with the hedged items in all their critical elements (amount, underlying, maturity, etc.). Since the hedged items correspond to the sale of US$ in exchange for COP by the Company, the hypothetical derivatives to be used in this case consist of acquiring non-delivery forward contracts with a hypothetical risk-free entity to sell US$ in exchange for COP for the amounts and rates.

The value recorded in "Other Comprehensive Income" – OCI at December 31,2019 amounts to (US$1,584) (net of tax (US$1,077) and at December 31, 2018 it amounts to US$19,918 and net of taxes at that date of US$13,347.

18. Other Liabilities

	December 31, 2019		December 31, 2018	
Revenues received in advance, short term	**US$**	**3,568**	US$	4,751
Revenues received in advance, long term		**904**		3,376
	US$	**4,472**	US$	8,127

Corresponds to the advance payment upon the capacity reserve of the pipeline, the recoveries of the ship or pay contract of P135 of the revenue received for indemnities and other advances received which are detailed below:

	December 31, 2019		December 31, 2018	
BP Products North América (1)	**US$**	**2,167**	US$	6,514
Gunvor Colombia CI S.A.S.		**1,209**		1,208
Vitol		**401**		–
AIG Seguros Colombia S.A.		**171**		173
Chubb de Colombia Cía. de Seguros		**171**		173
Others (2)		**353**		59
	US$	**4,472**	US$	8,127

(1) Transferred the capacity reservation agreement to BP Latin America LLC, Colombia branch.

(2) Corresponds to the decrease in port services are left with a balance in the deferred income corresponding to P 135.

19. Provisions and Contingencies

	Abandonment Costs(19.1)		Litigations (19.2)		Environmental Contingencies (19.3)		Others (19.4)		Total	
At December 31, 2017	US$	28,267	US$	2,604	US$	398	US$	50,011	US$	81,280
Transfers		–		569		–		209		778
Recovery		–		–		–		(50,011)		(50,011)
Additions		–		1,762		7		1,159		2,928
Financial cost *(Nota 26)*		1,674		–		–		–		1,674
Update Abandonment Rate		11,254		–		–		–		11,254
Translation adjustment		(2,453)		(222)		(33)		–		(2,708)
At December 31, 2018		38,742		4,713		372		1,368		45,195
Transfers		–		**(4,738)**		**2,266**		–		**(2,472)**
Additions		–		–		–		**778**		**778**
Financial cost *(Nota 26)*		**1,536**		–		–		–		**1,536**
Update Abandonment Rate		**7,374**		–		–		–		**7,374**
Translation adjustment		**(282)**		**25**		**(3)**		**(11)**		**(271)**
At December 31, 2019	**US$**	**47,370**	**US$**	**–**	**US$**	**2,635**	**US$**	**2,135**	**US$**	**52,140**

19. Provisions and contingencies (continued)

Currents (19.4)		
At December 31, 2018	**US$**	**1,368**
At December 31, 2019	**US$**	**2,135**
Not currents (19,1 al 19,3)		
At December 31, 2018	**US$**	**43,827**
At December 31, 2019	**US$**	**50,005**

19.1. Abandonment Costs and Dismantling of Assets

The estimated liability for abandonment costs corresponds to the future obligation of the Company to restore the environmental conditions in a similar manner to those existing before the initiation of the projects or activities. Since these are long-term obligations, this liability is estimated by projecting the expected future cash flows and discounting at present value with a rate referenced to the financial obligations of the parent, Ecopetrol S.A

The discount rate used in the obligation estimation at December 31, 2019 was of 3.38% (December 2018 - 3.88%).

19.2. Litigation

In the year 2019 and 2018, Ocensa has been involved in various minor legal procedures related to the ordinary course of its operations, and that involve: 1) claims for contractual obligations; 2) claims for alleged environmental damage; 3) claims for compensation for damage to property and communities; 4) claims related to tax obligations; and 5) various civil lawsuits.

The Company considers that adequate provisions have been made in those cases where it is considered that a contingent liability exists that is probable or certain, for the amount considered necessary to meet the related risks. Likewise, the Company considers that these matters will be resolved without significantly affecting the business, its financial situation, or its results of operation.

In addition, in respect of certain ongoing legal proceedings at times, Ocensa may determine and disclose reasonable estimates of the expected loss or range of possible loss, as well as disclose any provision created for such loss; however, for a limited number of ongoing legal proceedings, the Company may not be in a position to make a better estimate of the expected loss or the range of possible loss or may be in a position to do so, but it is believed that disclosing such information on a case-by-case basis would seriously prejudice the Company's position in ongoing legal proceedings or any related settlement negotiations. Due to the above, in these cases, the Company discloses qualitative information regarding the nature and characteristics of the contingency, not including the estimated loss or range of possible loss.

Pretension

Below is a detail of the leading litigation recognized in the statement of financial position, which could generate an outflow of resources:

19.2. Litigation (continued)

Pretension (continued)

- Environmental compensation obligations 1%:

  Nullity of Resolution 431 of 2009 by which the Department of Environment, Housing, and Territorial Development - MAVDT modified the Resolution 952 of 1995 (environmental license of the oil pipeline), including the obligation of 1%. The Council admitted the appeal against the first instance sentence of State on 15 October 2014. On 29 September 2017, the company registered a pleading for the conclusion of the second instance.

  Nullity of judicial orders 2913 and 4034 of 2011 by which the Department of Environment, Housing, and Territorial Development MAVDT, rejected some construction works, activities, and projects executed for the benefit of the basins of the pipeline's area of influence. Ocensa filed an appeal against the partially favorable ruling of the first instance proffered on January 23, 2015, which was admitted on March 5, 2015, by the Council of State.

  The Company adopted Article 321 of Law 1955 of 2019; on September 10, 2019, therefore, it was transferred US$ 2,266 to environmental provisions as of December 31, 2019.

- Payment claim of presumed damages caused by the attack to the Cupiagaua-Cusiana-Coveñas pipeline by the National Liberation Army in Vereda Fraguas, Machuca Township, Municipal Jurisdiction of Segovia Antioquia; its accrued value as at December 31, 2018 amounts to US $2,896, sum that corresponds to the value of the judgment of cassation uttered by the Supreme Court of Justice on December 18, 2018.

  It was transferred US$ 2,935 to trade accounts and other accounts payables as of December 31, 2019 and paid on February, 2020.

19.3. Environmental Provisions

It mainly corresponds to environmental compensation obligations for the use, exploitation or affectation of natural resources within the framework of environmental authorizations and the forced investment of not less than 1% for the use of water taken directly from natural sources by the established in Law 99 of 1993 paragraph of article 43, concerning project P-135.

On 22 December 2016, the Department of the Environment and Sustainable Development issued Decree 2099, which modifies the Unique Regulatory Decree of the environment and sustainable development sector, Decree 1076 of 2015, about the forced investment of not less than 1% for the use of water taken directly from natural sources, and Decree 1120 of 29 June 2017, which modifies numerals 3 and 4 of article 2.2.9.3.1.17 of Decree 1076 of 2015.

On 25 May 2019, the Congress of the Republic enacted Law 1955 of 2019 (regulation of the National Development Plan 2018-2022), in which through its article 321 it updated the value of the investment of not less than 1%, of the projects under the jurisdiction of the National Environmental Licensing Authority - ANLA.

19.3. Environmental Provisions (continued)

Currently, the Company has approved the investment plan of not less than 1% for file LAM318, within which is P-135 and for file LAM1226 (Interfield), through the following resolutions:

1. LAM318: Resolutions 00834 and Resolution 00294 of March 5, 2019 (the last one resolved the appeal for reversal submitted by the Company).
2. LAM1226: Resolutions 620 of April 30, 2018, and 00311 of March 7, 2019 (the latter resolved the appeal for reversal presented by the Company).

Finally, the Company availed itself of Article 321 of Law 1955 of 2019 by filing numbers 2019136051.-1-000 (LAM0318) and 2019136049-1-000 (LAM1226), dated September 10, 2019, which are currently being evaluated by the ANLA.

Ocensa advanced the contracting process to start the execution of the investment in 2020 in the Banco de Hábitat of the Meta Administered by Terrazos and signed with the Autonomous Patrimony.
The value of the provision as of December 31 is US$2,635.

19.4. Other Provisions

Tecnitanques Ingenieros S.A.S. submitted an arbitration claim against Ocensa, seeking a declaration that Ocensa must pay US$3,862 corresponding to the termination of service provision contract number 3802174 "For engineering, procurement management, construction, and assembly, for the increase of crude oil storage capacity at the Coveñas Terminal of Ocensa". Ocensa answered the complaint on December 16, 2019, opposing the claims and requesting the taking of evidence. On January 14, 2020, Tecnitanques submitted an amendment to its initial claim and is pending the Court's admission and transfer of its claim to Ocensa.

19.5. Contingent Liabilities

The Company has contingent liabilities that are not recorded in the Statement of Financial Position since its probability of occurrence is considered to be eventual.

These contingencies are derived mainly from legal proceedings related to labor claims against the Company's contractors and claims for damages caused during the construction of the pipeline.

19.6. Contingent Assets

The following is a detail of the contingency assets, whose entry of economic benefits to the Company is probable, but not practically certain:

The Company submitted an action for nullity and reinstatement against the decision of the Port Authority to deny the request to return the excess in the payment of the surveillance charge paid in the year 2001. Ocensa calculated the amount of the refund at US$859 and considers that it proceeds under of Resolution 0457 of 2001 issued by the same Superintendence authority.

At the moment, it is pending that the sentence of the first instance is pronounced.

20. Equity

20.1. Subscribed and Paid-in Capital

Authorized capital is of 5,793,456 shares at a par value of COP$30,104.5434483 each; subscribed and paid 5,159,000, and subscribed and paid in capital being US$81,714.

For 2019, the gain per share was US$157.39 (2018 amounts to US$129.82), which is taken from the net profit of the year from continued operations on the number of shares, because there were distributions of dividends during the period, so this value represents the profit of the year, but not necessarily the value to be distributed, given the dividends decreed during the year.

20.2. Equity Reserves

	December 31, 2019		December 31, 2018	
Legal reserve	**US$**	**7,736**	US$	7,736
Legal reserve 10% non-taxed		**33,122**		33,122
	US$	**40,858**	US$	40,858

Legal Reserve

The Colombian Code of Commerce establishes that it is mandatory to appropriate 10% of its net annual profits as a legal reserve until the balance thereof is equivalent to 50% of subscribed capital. This reserve may be used to offset losses or distribute them in the event of Company's liquidation.

20.3. Payment of Dividends

Below is the detail of distributed dividends:

	Decreed		Paid out (1)	
March 12, 2018 – profits from July 1 to December 31, 2017	US$	291,651	US$	291,134
September 13, 2018 – profits from January 1 to June 30, 2018		313,929		313,372
	US$	605,580	US$	604,506
March 12, 2019 – profits from July 1 to December 31, 2018	US$	355,823	US$	354,489
September 18, 2019 – profits from January 1 to June 30, 2019		403,480		401,966
	US$	**759,303**	**US$**	**756,455**

(1) Corresponds to the declared value less the taxes withheld.

20.4. Other Comprehensive Income

Includes the effects of the effective portion of cash flow hedging instruments, recognizing the effective portion of other integral results. The change in the fair value of the hedging instrument, which has been recognized in other integral results, will be reclassified to results when the hedged item affects results.

20.4. Other Comprehensive Income (continued)

The Company seeks, through this hedging policy, to stabilize cash flows and mitigate the economic effects that may arise from fluctuations in market variables, in other words, the peso/dollar exchange rate. The Company, established as a policy for recognition in other comprehensive income, evaluates the effectiveness of the hedge by reviewing that the hedged values do not exceed the exposure.

The methodology used to measure the effectiveness of the hedge is under the Value at Risk (VaR) methodology using the operating cash flow as an indicator.

This measurement is carried out by the use of Monte Carlo simulations, but other commonly accepted methodologies may be considered, which should allow

(1) Present the potential variations in the exchange rate pesos/dollars (COP/US$).
(2) Measure the impact of these movements on the Company's cash flow.
(3) Measure the impact of these movements on the Company's EBITDA (and/or net income if appropriate).

The specific model for measuring risk and its critical variables, as well as its amounts, will be evaluated monthly within the Audit and Financial Committee. When the hedge is no longer effective, hedge accounting shall cease. Additionally, in other comprehensive income, a conversion adjustment is generated as a result of the application of the methodology for the calculation and recognition of deferred tax; which is calculated in pesos but recorded in dollars under the provisions issued by the General Accounting Office.

	December 31, 2019		December 31, 2018	
Cash hedges	**US$**	**1,584**	US$	(19,918)
Deferred tax		**(507)**		6,571
Deferred tax translation adjustment		**93,134**		90,313
	US$	**94,211**	US$	76,966

21. Revenues from Ordinary Activities

	Period of twelve months ended			
	December 31, 2019		**December 31, 2018**	
Hydrocarbons transportation service (1)	**US$**	**1,493,024**	US$	1,365,046
Other revenues (2)		**54,418**		25,373
Unloading service (3)		**8,971**		10,241
	US$	**1,556,413**	US$	1,400,660

(1) Oil transport from Cupiagua, until the exportation by TLU–2 at the Coveñas terminal; the transportation service is billed by the barrels transported at each section of the pipeline at the rate set by the Ministry of Mines and Energy for each one and for the Coveñas terminal, the authorized tariff set by the Superintendence of Ports and Transport. The barrels the average crude transported were 664 KBPD for the 2019 and of 637 KBPD for the 2018.

21. Revenues from Ordinary Activities (continued)

(2) It corresponds to port services, dilution service, administrative and maintenance services. The increase for the year 2019 is due to revenues derived from construction services related to the port concession contract made with the ANI - National Infrastructure Agency for US $ 32,782 in to year 2019 and US$ 5,963 in to year 2018

(3) It corresponds to the discharge of oil or diluent in the unloading facilities located at the Cusiana station. This service is billed for the barrels nominated by the clients at the contract rate.

Customer Concentration

Revenues generated as a result of crude transportation activities are obtained by the following clients:

	Period of twelve months ended December 31, 2019	December 31, 2018
Ecopetrol S.A.	**US$ 1,197,467**	US$ 1,054,049
Others minors	**238,564**	218,499
Frontera Energy Colombia Corp.	**120,382**	128,112
	US$ 1,556,413	US$ 1,400,660

The percentage of participation of related parties corresponds to approximately 79.2% in 2019 and 75.7% for 2018.

22. Cost of Sales

	Period of twelve months ended December 31, 2019	December 31, 2018
Variable costs		
Friction reducer	**US$ 30,094**	US$ 27,276
Gas	**29,159**	25,852
Fuels and lubricants	**25,770**	31,049
Electric power	**9,021**	7,665
	US$ 94,044	US$ 91,842
Fixed costs		
Operation and maintenance (1)	**US$ 107,022**	US$ 88,444
Depreciation (*Note 11*)	**101,892**	102,019
Amortization rights-of-use (*Note 13*)	**7,925**	–
Labor costs	**6,794**	6,791
Materials	**5,574**	6,262
Amortization concession (*Note 12*)	**2,794**	722
Amortization gas transportation agreement (*Note 12*)	**275**	260
Taxes	**248**	257
	232,524	204,755
	US$ 326,568	US$ 296,597

(1) Includes short term and variable rental expenses.

23. Operation and Projects Expenses

	Period of twelve months ended December 31, 2019		December 31, 2018	
Fees and services	**US$**	**10,240**	US$	10,741
Insurance		**2,867**		1,535
Miscellaneous		**1,743**		1,926
Maintenance		**1,237**		1,236
Leases		**215**		1,358
	US$	**16,302**	US$	16,796

24. Administration Expenses

	Period of twelve months ended December 31, 2019		December 31, 2018	
Labor expenses	**US$**	**18,028**	US$	18,509
Taxes		**2,804**		3,392
Amortization (*Note 12*)		**1,148**		158
Amortization rights-of-use (*Note 13*)		**835**		–
Depreciation (*Note 11*)		**769**		1,614
	US$	**23,584**	US$	23,673

25. Other Operating (Expense) Income, Net

	Period of twelve months ended December 31, 2019		December 31, 2018	
Others arbitral award *(1)*	**US$**	**50,788**	US$	–
Others		**2,777**		2,166
Operative provisions *(Note 19.4 -19.2)*		**–**		(2,921)
Loss on sale of assets held for sale		**–**		(139)
Allowance accounts receivable		**(7)**		–
Loss on retirement of assets (*Note 11*)		**(11,875)**		(1,606)
	US$	**41,683**	US$	(2,500)

1) Concerning the proceeding of the arbitration tribunal convened by Ocensa against Equion Energía Limited and Santiago Oil Company, in relation to negative balances that such companies record in the volumetric balances, on February 18, 2019 the Tribunal issued the arbitration award in which it declared, among others, that (i) Equion and Santiago are obliged to return to Ocensa the full line, (ii) Equion and Santiago breached in bad faith the transportation contracts by not knowing of the existence of the negative balance and refusing to return it and (iii) Equion and Santiago must pay Ocensa US$76,166 (US$50,788 principal plus US$24,769 interest and legal costs of US$609 by March 29, 2019). On March 26, 2019 Ocensa received payment from Equion and Santiago and recognized income as of March 31, 2019.

25. Other Operating (Expense) Income, Net (continued)

After the termination of the arbitration process and the receipt of payment by the defendants, on March 28, 2019 Equion and Santiago filed an extraordinary appeal for annulment against the arbitration award and on May 9, 2019 Ocensa filed a brief opposing the prosperity of this extraordinary appeal. The decision of the Council of State is currently pending against this extraordinary appeal. The probability of success of the annulment appeals is less than 50%. Additionally, on July 31, 2019 Equion and Santiago filed an action for protection against the arbitration award issued on February 18, 2019, alleging the violation of due process. Ocensa opposed the prosperity of the action of tutela and on August 30, 2019 the Council of State resolved to declare the action of tutela inadmissible. On September 3, 2019 Equion and Santiago filed a challenge against the ruling and on October 18, 2019 the Council of State decided to confirm the first instance decision.

26. Financial Result, Net

	Period of twelve months ended			
	December 31, 2019		**December 31, 2018**	
Default interests (Note 25, numeral 1)	**US$**	**24,769**	US$	–
Financial costs		**(270)**		(429)
Other financial incomes (expenses)		**(868)**		(414)
Financial expense rights of use		**(990)**		–
Financial expense abandonment (Note 19.1)		**(1,536)**		(1,674)
Monetization		**(646)**		83
Costs yields and interest, net		**(12,237)**		(15,201)
Exchange difference gain (loss), net		**(14,319)**		8,926
	US$	**(6,097)**	US$	(8,709)

27. Risk Management

Because of its financial structure, the Company is directly exposed to exchange, interest rate credit and liquidity risks as shown below:

27.1. Exchange Rate Risk

Foreign exchange risk management is at the principle that the peso/dollar exchange rate undergoes highly volatile and unpredictable changes. In this sense, the objective of the hedging strategies defined by the Company is to mitigate movements in these variables by using derivative instruments acquired in financial markets.

Exchange rate risk refers to the economic effects resulting from fluctuations in exchange rates to which the Company is exposed.

In the case of Oleoducto Central S.A., most of the income from services provided is settled and collected in US dollars, while, as a Company operating in Colombia, some of its expenses and all of its tax obligations are they pay in Colombian pesos. For this reason, the Company's cash flows are exposed to fluctuations in the Colombian pesos/U.S. dollar exchange rate.

27.1. Exchange Rate Risk (continued)

For this purpose, Ocensa uses hedging operations by contracting derivative instruments, mainly forwards, whose purpose is to mitigate the movement effects of the peso/dollar exchange rate are incurred against the budget of expenditure in pesos and of tax obligations with a horizon of not more than one year.

At the December 31, 2019, cutoff, the notional of the current hedge portfolio of exchange rate was of US$377,858 (at December 31, 2018 – US$332,437)

This represents an increase of 13.66% of the notional/hypothetical of the portfolio which amount at December 31, 2018 was of US$332,437; such change is explained mainly by the hedge of 2020 of tax flows.

The Colombian peso/United States dollar exchange rate was devalued 0,84% from December 31, 2019, reflecting an exchange rate of COP3,277.14 per US$1 in respect to the rate recorded at December 31, 2018, of COP3,249.75 per US$1

Below is the effect that a 1% and 5% variation would have in the exchange rate of Colombian pesos vs. US dollars, related to the exposure of financial assets and liabilities in foreign currency at December 31, 2019 and 2018

Scenario/ Variation in the TRM	Effect on Results Before Taxes (+/–) December 31, 2019		December 31, 2018	
1%	**US$**	**2,546**	US$	1,738
5%	**US$**	**12,246**	US$	8,360

For the calculation of the effect on results before taxes, the rate of the December 31, 2019, equivalent to COP$3,277.14 per US$1, (December 31, 2018, COP$3,249.75 per US$1).

The sensitivity analysis only includes monetary assets and liabilities in foreign currency at the close date, as shown below, in COP million:

	December 31, 2019		December 31, 2018	
Trade accounts receivable and other accounts receivable, net	**COP$**	**56,114**	COP$	42,994
Cash and cash equivalents		**54,352**		39,944
Other assets		**–**		2,351
Active position		**110,466**		85,289
Provisions		**(168,321)**		(146,870)
Trade accounts and other accounts payable		**(189,307)**		(166,166)
Tax liabilities		**(571,148)**		(341,474)
Debt and loans bearing interest		**(22,949)**		–
Deferred revenues		**(1,499)**		(1,263)
Passive position		**(953,224)**		(655,773)
Net passive position	**COP$**	**(842,758)**	COP$	(570,484)

27.2 Credit Risk

Credit risk is the risk that the Company acquires as a result of unfulfillment with the obligations of clients, financial institutions with which investments are made or counterparties with which instruments are contracted derivatives.

Oleoducto Central S.A. constantly monitors the credit ratings issued by risk rating companies for financial institutions with which investments are made or derivative instruments are traded, in order to ensure that these companies meet the minimum rating defined by the Company.

For the portfolio that is considered impaired, an individual analysis is carried out that allows to see the situation of each client and thus define the provisions to that place. The Company carries out the administrative and legal actions necessary to recover the due accounts receivable, as well as the recognition of interest of clients that do not comply with the payment policies.

27.3. Liquidity Risk

The National Planning Department, as evidenced in its official letter number SC-20134380757471 of October 15, 2013, issued a favorable opinion for the Company to enter into public credit operations upon the international issue of a bond in United States dollars for up to US$1,000,000, with 100% of possibility to reopen the rest of the amount in order to finance Capex needs of new projects.

Based on this favorable opinion, by means of Resolution number 4254 of December 12, 2013, the Ministry of Finance and Public Credit authorized the Company to negotiate the issue and placement of bonds in the international capital market for up to one thousand million United States dollars (US$1,000,000) in order to finance investment needs of future expansion projects.

By means of Resolution 1369 of April 29, 2014, the Ministry of Finance and Public Credit authorized the Company to subscribe, issue and place External Public Debt Bonds, under Rule 144 A / S Registration of the United States of America Securities Act, in international capital markets for up to US$500,000 in order to finance the needs of investment of future expansion projects (Potency 135 and Warming). This provides the Company with the possibility to reopen the rest of the amount, given that Company's financing needs require them and that capital market conditions are favorable.

The liquidity risk is managed as of the application of the Merton Miller and Daniel Orr model, which is an induction model of random generation for daily changes in the cash balance, in order to establish the minimum cash levels required to take care of the organization liquidity requirements, including its debt service commitments.

The main purpose of the internal procedures is to guarantee enough liquidity levels to comply with the Company's financial commitments within its timetable of maturities, as well as the main instruments for their measurement and follow-up. Such instruments are: Weekly report of the treasury command bulletin board, monthly cash flow, and analysis of the annual mobile average of the cash flow foresight.

The Company has a policy to manage liquidity surpluses. Such policy provides criteria, guidelines and directives for the efficient and safe administration of liquidity surpluses, and establishes limits of exposure per counterparty. At present, the counterparty limit of risk exposure is limited to the higher of the following parameters: A maximum amount of US$150 million by the counterparty, or if the cash balance falls below such amount, it should be divided at least into three counterparties that meet the minimum rating

27.3. Liquidity Risk (continued)

permitted. In the event issuer and issue limits established herein are exceeded, the portfolio administrator will have 45 calendar days to take the measures necessary to adjust to such limits.

The credit quality of issuers, assets and counterparties of operations are as follows:

Minimum permitted rating:

Foreign Financial Entities

Rating Entity	Short-Term Rating	Long-Term Rating
Standard & Poor’s	A-1	A+
Moody’s Investors Service	P-1	A1
Fitch Ratings	F-1	A+

Local Financial Entities

Rating Entity	Short-Term Rating	Long-Term Rating
Fitch Ratings	F1+	AAA
BRC Investor Services	BRC 1+	AAA

As of 2018, with the development of the Ocensa Counterparty Risk procedure, a set of rules and periodic reviews were established for customers and people who have a business relationship with the company. The document aims to define and describe the counterparty risk assessment guidelines applied in the Company.

It refers specifically to the activities that Ocensa will carry out for the risk management of counterparty risk controls carried out on the company's clients, in order to minimize, mitigate, and manage the uncertainty generated by possible breaches of payment obligations emanated from contracts that generate income. The aspects analyzed include portfolio analysis, review of restrictive lists, risk ratings, financial analysis and collects the multiple controls that exist in the Transporter's Manual and the provisions established in the pre-contractual stage. The document includes the inclusion of those who are interested in contracting with Ocensa and is input for the processes of the risk and accounting areas.

27.4 Interest Rate Risk

Oleoducto Central S.A. issued a bond in the international market at a notional amount of US$500 million in 2014. A defined fixed interest rate of 4% was used in such issue; therefore, there is no risk of interest rate.

27.5 Capital Management

The main objective of the Company’s capital management is to ensure a financial structure that optimizes the cost of capital, maximizes the yield of its shareholders, and allow access to financial markets at a competitive cost in order to cover its financing needs.

Below is the indebtedness ratio of periods reported:

27.5 Capital Management (continued)

	December 31, 2019		December 31, 2018	
Cash and cash equivalents *(Note 7)*	**US$**	**441,076**	US$	239,422
Loans *(Note 15)*		**(513,472)**		(500,979)
Net financial debt	**US$**	**(72,396)**	US$	(261,557)
Equity	**US$**	**1,261,871**	US$	1,191,973
		5.43%		17.99%

(1) Net Financial Debt / (Net Financial Debt + Equity)

28. Related Parties

The main transactions between related parties during the periods indicated are detailed below:

	Period of twelve months ended at December 31, 2019				
	Transport revenues Hydrocarbons	**Unloading Services Revenue**	**Revenue Service Dilution**	**Revenue of administrative Services**	**Revenues for services Operation and Maintenance**
Ecopetrol S.A.	**US$ 1,194,944**	**US$ 2,523**	**US$ -**	**US$ -**	**US$ -**
Cenit Transporte y Logística de Hidrocarburos S.A.S.	–	–	–	**46**	**1**
Hocol S.A.	**28,729**	–	–	–	**29**
Oleoducto de Colombia S.A.	–	–	–	**61**	–
Oleoducto de Los Llanos Orientales	–	–	**4,226**	–	**278**
Oleoducto Bicentenario de Colombia S.A.S. (1)	–	–	–	**122**	**1,137**
	US$ 1,223,673	**US$ 2,523**	**US$ 4,226**	**US$ 229**	**US$ 1,445**

	Period of twelve months ended at December 31,2018				
	Transport revenues Hydrocarbons	**Unloading Services Revenue**	**Revenue Service Dilution**	**Revenue of Administrative Services**	**Revenues for services Operation and Maintenance**
Ecopetrol S.A.	US$ 1,048,934	US$ 3,544	US$ 1,571	US$ –	US$ –
Cenit Transporte y Logística de Hidrocarburos S.A.S.	–	–	–	64	–
Hocol S.A.	10,847	-	-	-	-
Oleoducto de Colombia S.A.	–	–	–	40	59
Oleoducto de Los Llanos Orientales	–	–	4,142	22	317
Oleoducto Bicentenario de Colombia S.A.S.	–	–	–	32	1,235
	US$ 1,059,781	US$ 3,544	US$ 5,713	US$ 158	US$ 1,611

(1) During 2019, expenses were incurred for the rental of the storage tank, which was recognized as IFRS 16.

28. Related Parties (continued)

The most representative balances with related entities at December 31, 2019 and 2018 are included in accounts receivable and accounts payable, as follows:

	December 31, 2019		December 31, 2018	
Accounts receivable				
Ecopetrol S.A.	**US$**	**123,499**	US$	134,364
Hocol S.A.		**2,589**		2,267
Oleoducto de Los Llanos Orientales S.A.		**698**		1,143
Oleoducto Bicentenario de Colombia S.A.S.		**426**		1,302
Oleoducto de Colombia S.A.		**292**		300
Cenit Transporte y Logística de Hidrocarburos S.A.S.		**140**		158
	US$	**127,644**	US$	139,534
Accounts payable				
Ecopetrol S.A.	**US$**	**7,564**	US$	4,318
Oleoducto Bicentenario de Colombia S.A.S.		**448**		571
Cenit Transporte y Logística de Hidrocarburos S.A.S.		**209**		96
Oleoducto de Colombia S.A.		**203**		142
	US$	**8,424**	US$	5,127

Outstanding amounts are not guaranteed and will be settled in cash. No guarantees have been granted or received. No expense has been recognized in the current period or in prior periods concerning uncollectable or bad debts related to amounts due by related parties.

Trade purchases and sales transactions of goods and services, concerning the development of the Company’s corporate purpose, with related parties are made under general market prices and conditions.

28.1. Compensation to Directors

Directors’ fees for attendance to the meetings of the Board of Directors and/or the Audit Committee amount to approximately to 2019 to US$118 and to US$146 to 2018.

The total compensation paid to directors, executive officials and top directors for salary and other compensations during the 2019 amounted to US$1,805 (2018 for US$2,350).

29. Subsequent Events

There have been no subsequent events affecting the figures in the financial statements as of December 31, 2019.

At the beginning of February 2020, a change in the company's shareholding composition took place. AI Candelaria Luxembourg SARL one-share participation was changed to ISQ Booster Acquisitions SARL.

As of today, due to the conjuncture of the COVID-19 it has not generated any impacts on the Financial Statements as of December 31, 2019. However, as a result of the COVID-19 pandemic and measures put in place to slow its spread, including the imposition of quarantines and medical screenings, travel restrictions and the suspension of many economic activities, we expect to continue a substantial uncertainty in macroeconomic conditions regarding crude prices, crude oil production, and demand of related products.

29. Subsequent Events (continued)

The principal effect has been in a significant drop in the Brent crude oil price, with Brent crude reaching a low of US$22.70/bbl on March 31, 2020. This drop has affected exploration and production ("E&P"), companies, such as our main customer, Ecopetrol, that operate in the areas we serve. Many of them, including Ecopetrol, have had to cut production in order to protect the cash flow and profitability of their operations. Likewise, the companies believe the current tariffs are a non-manageable cost that may represent up to 45% of a producer's total costs of operations, which may pressure these companies to lower production and renegotiate transport tariffs given low oil prices as well as the effects of the COVID-19 pandemic.

In response to the situation, Ocensa is working on the following actions:

• Efficiency plan which focuses on savings in expenses and on capital investments
• The volume discounts were removed, and the temporary payment agreements were modified to instead permit shippers to defer up to the 50% of their agreed tariff payment for an initial period of six months. This six-month deferral consists of a grace period, following which period customers' tariff deferral may be extended for up to an additional four months, subject to an interest charge. We are also evaluating temporary changes on our current transportation agreements on a case-by-case basis, including by approving temporary downward adjustments to the contracted volume of certain of our customers.

At this time, we cannot forecast the duration of the effects of COVID-19 on our business. In addition, while the price of crude oil has been increasing since the recent Brent price of U.S.$22.70 per barrel on March 31, 2020 and we would expect crude oil production to follow that trend, The future business results and expectations will be affected by the extent and duration of these conditions and the effectiveness of responsive actions taken.

Furthermore, the Company will be monitoring the impairment indicators of long-term assets, performing quantitative analyses when it is necessary to do so.

FINANCIAL STATEMENTS

Oleoducto Central S.A.

Periods ended December 31, 2018 and 2017
with Independent Auditor's Report

Oleoducto Central S.A.

Financial Statements

Periods ended December 31, 2018 and 2017

Contents

Independent Auditor's Report

To the Shareholders of:
Oleoducto Central S.A.

Opinion

I have audited the attached financial statements of Oleoducto Central S.A., which include the financial statement of financial position as of December 31st, 2018 and the corresponding statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and the summary of significant accounting policies and other explanatory notes.

In my opinion, the attached financial statements, taken from the accounting records, reasonably present, in all important aspects, the financial position of the Company as of December 31st, 2018, its results of operations and cash flows for the year then ended, in accordance with Accounting and Financial Reporting Standards accepted in Colombia and the statements of the National Accounting Office (Contaduría General de la Nación) for Government entities.

Basis of Opinion

I have conducted my audit in accordance with International Standards on Auditing adopted in Colombia. My responsibilities in complying with these standards are described in the Auditor's Responsibilities in the Audit of Financial Statements section of this report. I am independent of the Company, in accordance with the Code of Ethics Manual for accounting professionals and the ethical requirements relevant to my audit of financial statements in Colombia and have complied with all other applicable ethical responsibilities. I consider that the audit evidence obtained is sufficient and appropriate to substantiate my opinion.

Management´s Responsibilities and of those Responsible for the Governance of the Entity for the Preparation of Financial Statements

Management is responsible for the proper preparation and correct presentation of the financial statements in accordance with Accounting and Financial Reporting Standards accepted in Colombia ; for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; for the selection and application of appropriate accounting policies; and for establishing accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, management is responsible for evaluating the ability of the Company to continue as a going concern, disclosing, as appropriate, matters that could impact the use of the going concern basis of accounting, unless management intends to liquidate the Company or cease its operations, or has no other realistic alternative to doing so.

The entity's government officials are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities in Auditing Financial Statements

My goal is to obtain reasonable assurance as to whether the financial statements taken as a whole are free from material errors, either by fraud or error, and to issue a report that includes my opinion. Reasonable security is a high level of assurance but does not guarantee that an audit conducted in accordance with International Audit Standards accepted in Colombia will always detect a material impropriety where it exists. Inaccuracies may arise due to fraud or error and are considered materials if, individually or cumulatively, they could be expected to reasonably influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the International Audit Standards accepted in Colombia, I must exercise my professional judgment and maintain my professional skepticism throughout the audit, in addition to:

- Identify and assess the risks of material inadequacy in financial statements, whether for fraud or error, design and execute audit procedures that respond to those risks and obtain audit evidence that is sufficient and appropriate for substantiating my opinion. The risk of not detecting a material impropriety due to fraud is more significant than that resulting from an error, as fraud may involve collusion, forgery, intentional omissions, false statements, or overstepping the internal control system.
- Obtain an understanding of the internal control relevant to the audit, to design audit procedures that are appropriate in the circumstances.
- Evaluate the accounting policies used, the reasonableness of the accounting estimates, and the respective disclosures made by the Administration.
- Conclude on whether it is appropriate for Management to use the ongoing business accounting base and, based on the audit evidence obtained, whether there is material uncertainty related to events or conditions that may generate significant doubts about the Company's ability to continue as a business underway. If I conclude that there is significant uncertainty, I must draw attention in the auditor's report on related disclosures, included in the financial statements, or, if such disclosures are inappropriate, change my opinion. The auditor's findings are based on the audit evidence obtained to date from my report; however, subsequent events or conditions may cause an entity to be unable to continue as a business going.
- Evaluate the overall presentation, structure, content of financial statements, including disclosures, and whether financial statements represent underlying transactions and events in a manner that achieves reasonable presentation

I communicated to the heads of the government of the entity, among other matters, the planned scope and timing of the audit, the significant findings of the audit, as well as any significant deficiencies in the internal control identified during the audit.

Other Issues

The financial statements under Accounting and Financial Reporting Standards accepted in Colombia of Oleoducto Central S.A. as of December 31th, 2017, which are part of the comparative information on the attached financial statements, were audited by me in accordance with International Standards on Auditing adopted in Colombia, on which I expressed an unqualified opinion on May 16, 2018.

Daniel Alejandro Tortorella
Independent Auditor
Professional Card 232998-T
Designated by Ernst & Young Audit S.A.S. TR-530

Bogotá, Colombia
June 22, 2020

Oleoducto Central S.A.

Statements of Financial Position

	Notes		December 31, 2018		December 31, 2017
			(In thousands of US dollars)		
Assets					
Current assets					
Cash and cash equivalents	7	**US$**	**239,422**	US$	236,356
Trade debtors and other accounts receivable, net	8		**169,637**		196,664
Inventories	9		**24,443**		–
Derivative financial instruments	10		**–**		8,533
Other assets	11		**3,089**		5,489
Non-current assets held for sale	12		**–**		18,783
		US$	**436,591**		465,825
Non-current assets					
Trade debtors and other accounts receivable, net	8		**3,321**		4,196
Other non - financial assets	11		**743**		–
Property, plant and equipment, net	13		**1,551,334**		1,595,225
Intangibles, net	14		**23,770**		14,264
			1,579,168		1,613,685
Total assets		**US$**	**2,015,759**	US$	2,079,510
Liabilities and equity					
Current liabilities					
Debts and loans bearing interest	15	**US$**	**20,000**	US$	20,200
Trade accounts and other accounts payable	16		**72,686**		89,819
Tax liabilities	17		**105,080**		170,684
Derivative financial instruments	10		**25,403**		–
Other liabilities	18		**4,751**		6,707
Provisions and contingencies	19		**1,368**		50,011
			229,288		337,421
Non-current liabilities					
Debts and loans bearing interest	15		**480,979**		480,199
Trade accounts and other accounts payable	16		**4,621**		4,389
Tax liabilities	17		**923**		883
Deferred tax liabilities	17		**60,772**		82,413
Other liabilities	18		**3,376**		7,722
Provisions and contingencies	19		**43,827**		31,269
			594,498		606,875
Total liabilities			**823,786**		944,296
Equity	20				
Subscribed and paid-in capital			**81,714**		81,714
Legal reserve			**40,858**		40,858
Accumulated profits			**992,435**		928,263
Other comprehensive income			**76,966**		84,379
Total equity			**1,191,973**		1,135,214
Total liabilities and equity		**US$**	**2,015,759**	US$	2,079,510

See accompanying notes.

Oleoducto Central S.A.

Statement of Income and Comprehensive Income

	Notes	December 31, 2018	December 31, 2017
		(In thousands of US dollars, except net profit per share)	
Continued operations			
Revenues from ordinary activities	21	**US$ 1,400,660**	US$ 1,324,793
Cost of sales	22	**(296,597)**	(260,675)
Gross profit		**1,104,063**	1,064,118
Operations and project expenses	23	**(16,796)**	(15,705)
Administrative expenses	24	**(23,673)**	(23,711)
Other operating expenses, net	25	**(2,500)**	(42,168)
Operating profit		**1,061,094**	982,534
Financial costs, net	26	**(8,709)**	(32,263)
Profit before income tax		**1,052,385**	950,271
Income tax expense	17	**(382,633)**	(397,636)
Net profit of the year		**US$ 669,752**	US$ 552,635
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss (net of tax)			
Net (loss) gain from hedges of cash flow, net of taxes		**(16,550)**	11,938
Items that will not be reclassified to profit or loss effect on currency translation			
Gain (loss) from exchange difference in translation		**9,137**	(149)
		(7,413)	11,789
Total net comprehensive income of the year		**US$ 662,339**	US$ 564,424
Net profit of the period per share		**US$ 129,82**	US$ 107,12

See accompanying notes.

Oleoducto Central S.A.

Statements of Changes in Shareholders' Equity

		Subscribed and Paid-in Capital		Legal Reserve		Accumulated Profits		Other Comprehens Income
At December 31, 2016	US$	81,714	US$	40,858	US$	756,949	US$	72,5
Distribution of dividends		–		–		(381,321)		
Net profit of the year		–		–		552,635		
Other comprehensive income								
Net gain from hedges of cash flow, net of taxes		–		–		–		11,9
Net loss from exchange difference in translation		–		–		–		(1
At December 31, 2017		**81,714**		**40,858**		**928,263**		**84,3**
Distribution of dividends		–		–		**(605,580)**		
Net profit of the year		–		–		**669,752**		
Other comprehensive income								
Net loss from hedges of cash flow, net of taxes		–		–		–		**(16,5**
Net gain from exchange difference in translation		–		–		–		**9,1**
At December 31, 2018	**$**	**81,714**	**$**	**40,858**	**$**	**992,435**	**$**	**76,9**

See accompanying notes.

Oleoducto Central S.A.

Statements of Cash Flows

		December 31, 2018		December 31, 2017
	(In thousands of US dollars)			
Operating activities				
Net profit of the year	**US$**	**669,752**	US$	552,635
Adjustments to reconcile net profit of the period with net cash flows provided from operating activities:				
Depreciation of property, plant and equipment		**103,633**		95,154
Consumption of materials and spare parts		**38,608**		52,413
Impairment of property, plant and equipment		**–**		1,947
Impairment of non-current assets available for sale		**–**		1,580
Loss on disposal of property, plant and equipment		**1,606**		5,539
Impairment of Accounts Receivable		**–**		215
Loss on sale of non-current assets held for sale		**139**		791
Amortization of intangible assets		**1,140**		817
Additions (recovery) provision and contingencies, net		**(47,090)**		50,003
Deferred taxes		**(4,052)**		(35,654)
Income tax expense		**386,685**		433,290
Financial income		**(4,841)**		(2,605)
Financial costs		**22,454**		22,598
(Gain) loss from exchange difference		**(8,926)**		10,483
Changes in operating assets and liabilities				
Decrease (increase) of trade debtors and other accounts receivable		**26,948**		(68,927)
Decrease of other assets		**1,588**		221
Increase inventories		**(1,633)**		–
(Decrease) of trade accounts and other accounts payable		**(13,232)**		(241)
Increase (decrease) tax liabilities		**16,006**		(18,539)
Increase derivative financial instruments, net		**8,933**		26,664
Decrease of income received in advance		**(6,265)**		(911)
Interest received		**4,841**		2,605
Income tax paid		**(463,666)**		(448,449)
Cash provided from operating activities		**732,628**		681,629
Investing activities				
Acquisition of property, plant and equipment		**(94,219)**		(111,629)
Acquisition of intangibles		**(9,207)**		(4,720)
Proceeds from sale of assets held for sale		**374**		742
Cash used in investing activities		**(103,052)**		(115,607)
Cash used in financing activities				
Payments of liabilities from financial leasing		**(83)**		(70)
Interest paid		**(20,000)**		(20,000)
Dividends paid		**(604,506)**		(380,858)
Cash used in financing activities		**(624,589)**		(400,928)
Net Increase of cash and cash equivalents		**4,987**		165,094
Effect of the variation in exchange rates on cash and cash equivalents maintained in foreign currency		**(1,921)**		(575)
Cash and cash equivalents at the beginning of the period		**236,356**		71,837
Cash and cash equivalents at the end of the year	**US$**	**239,422**	US$	236,356

See accompanying notes.

Oleoducto Central S.A.

Notes to Financial Statements

For the periods ended December 31, 2018 and 2017
(All amounts are expressed in thousands of dollars, except foreign currency amounts, exchange rates and the par value of the share)

1. Corporate Information

Oleoducto Central S.A. (hereinafter Ocensa or the Company) is a mixed economy company incorporated under the laws of Colombia, by means of public deed No. 4747 dated December 14, 1994 of Notary 38 of the Circle of Bogotá D.C, with a term of office until December 31, 2093 and whose corporate purpose includes designing, constructing, operating, managing, commercially exploiting and owning an oil transportation system (pipeline) for public use and related facilities, without any limitation, whose starting point is located at the Cusiana and Cupiagua stations, department of Casanare, and whose final point is located at the Coveñas port of embarkation located in the jurisdiction of the municipalities of San Antero, department of Córdoba and Coveñas, department of Sucre; as well as to design, build, operate and manage ports or maritime oil terminals and to provide, directly or indirectly, services related to port operations, especially storage, land and maritime handling, transportation and loading of crude oil and to provide other services related to the activity of transporting crude oil by pipeline.

The pipeline consists of nine pumping or booster stations, a pressure reducing station, a marine terminal, 836 kilometers of pipeline on land and 12 kilometers at sea, two bases for the coordination of maintenance activities and a control center. To carry out the transport operation, there is a communication system that allows total control of the operation through instruments located along the pipeline and in the stations. This allows for the control of the availability of the crude oil, its location and the verification of the commitments in crude oil transportation. The address of the main office of Oleoducto Central S.A., is Bogotá - Colombia. Ecopetrol is the parent company and exercises control over the Company through Cenit Transporte y Logística de Hidrocarburos S.A.S.

2. Basis of Preparation and Presentation

2.1. Statement of Compliance and Authorization of the Financial Statements

The Company’s financial statements have been prepared in accordance with the Accounting and Financial Information Standards Accepted in Colombia (NCIF), based on International Financial Reporting Standards (IFRS), together with their interpretations, conceptual reference framework, conclusion bases and application guidelines authorized and issued by the International Accounting Standards Board (IASB) as established by decree 2615 of December 17, 2014, decree 2420 of December 14, 2015, amended by decree 2496 of December 23, 2015; and decree 2131 of 2016, 2170 of 2017 and 2483 of 2018; and other legal provisions applicable to entities supervised and/or controlled by the Superintendence of Corporations, and by the National Accounting Office (Contaduría General de la Nación) that may differ in certain aspects from those established by other State control bodies.

The accounting policies described in Note 4 have been consistently applied.

The Financial Statements as of and for the year ended December 31, 2018, were prepared by Management and were approved by the Company's directors on June 18, 2020 .

2.2. Basis of Measurement

The Company’s financial statements have been prepared based on the historical cost, except for the accompanying financial assets and liabilities at fair value with changes in results and/or changes in other comprehensive income, that are valued at their fair value at each period closing, as explained in the accounting policies included hereinafter.

2.2. Basis of Measurement (continued)

In general, the historical cost is based on the fair value of the valuable consideration granted in lieu of assets and services. Fair value is the price that would be received upon selling an asset or paid upon transferring a liability in an ordered transaction between market participants at the measurement date. Upon estimating the fair value, the Company uses the assumptions that market participants would use upon setting the price of the asset or liability in present market conditions, including assumptions on the risk.

2.3. Functional and Presentation Currency

Items included in these financial statements are initially valued in the functional currency which is the U.S. dollar, that is the currency of the main the Company operates in and in addition the one in which it regularly generates and uses cash. The presentation currency is the U.S. dollar.

2.4. Foreign Currency

Upon preparing the financial statements, transactions in a currency other than the Company's functional currency are recorded using current exchange rates on the dates operations take place. At the end of each period, monetary items in foreign currency are translated at current exchange rates in force on that date and variations arising in the translation are recognized in the net financial result, except those resulting from hedging instruments of cash flows, which are recognized in other comprehensive income, within equity. When the hedged items affect results, exchange differences accumulated in equity are reclassified to the statement of profits and losses as part of the operation result.

Non-monetary items recorded at fair value, denominated in foreign currency, are translated at the exchange rate in force on the date the fair value was determined.

Profits and losses from exchange differences related to loans, and cash and cash equivalents are presented in the income statement account in line entitled "Financial income or financial expense." Remaining losses and gains from exchange differences are presented as exchange difference.

2.5. Classification of Assets and Liabilities as Current and non-Current

The Company presents assets and liabilities in the statement of financial position based on its current or non-current classification. An asset is current when:

- It is estimated that it will be cancelled, or the expectation is that it will be sold or consumed in the normal operating cycle of the business.
- It is mainly maintained for purposes of being negotiated.
- The expectation is that it will be realized within twelve months following the reporting date; or,
- It is cash or cash equivalent unless it is restricted to be exchanged or used to pay a liability for at least twelve months from the reporting date.

All other liabilities are classified as non-current.

A liability is current when:

2.5. Classification of Assets and Liabilities as Current and non-Current (continued)

- It is estimated that it will be settled in the normal operating cycle of the business.
- It is maintained mainly in order to be negotiated.
- It is expected that it will be cancelled within the twelve months subsequent to the reporting date; or,
- There is no unconditional right to defer the payment of the liability for a least twelve months subsequent to the reporting date.

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6. Accounting Period

According to its bylaws, the Company prepares statutory financial statements for six-month periods ending June 30 and December 31 of each year. The financial statements as of and for the years ended December 31, 2018 and 2017 are special purpose and have been prepared solely to support the intended bonds issuance by the Company in the international capital markets. As a result, these financial statements may not be suitable for other purposes.

2.7. Net Profit per Share

The profit per share stated in approximated vs dollars' equivalents, is calculated upon dividing the net profit of the period attributable to shareholders by using the weighted average of outstanding ordinary shares during the period. There were no transactions with ordinary shares from the date of the period being reported to the issue date of these financial statements.

3. Judgments, Estimates, and Significant Accounting Assumptions

The Company's preparation of the financial statements requires that the Company's Management make judgments, estimates and assumptions to quantify some of the assets, liabilities, income, expenses and commitments recognized in the financial statements and their disclosures. These estimates have been made based on the best available information on the facts analyzed, management experience and other factors. Uncertainty about assumptions and estimates could result in future material changes that affect the value of assets or liabilities. Changes to these estimates are recognized prospectively in the period in which the estimate is revised.

These estimates have been made based on the best available information on the facts analyzed, management experience and other factors. Uncertainty about assumptions and estimates could result in future material changes that affect the value of assets or liabilities. Changes to these estimates are recognized prospectively in the period in which the estimate is revised. In the process of applying accounting policies, Management has made the following judgments and estimates, which have had the most significant effect on the amounts recognized in the financial statements:

3.1. Impairment (Recovery) of Long-Lived Assets

At the end of each period being reported, the Company evaluates the carrying values of its long-lived assets (tangible and intangible assets) to determine if an indication exists that these amounts have suffered any impairment loss. In such case, the recoverable amount of the asset is calculated to determine the extent of the impairment loss (if any).

3.1. Impairment (Recovery) of Long-Lived Assets (continued)

When it is not possible to estimate the recoverable amount of an individual asset, the Company calculates the recoverable amount of a cash generator unit the asset belongs to. When a reasonable and consistent distribution base is identified, common assets are also assigned to the individual cash generator units or distributed to the smallest group of cash generator units for which a reasonable and consistent distribution base may be identified.

The recoverable amount is the higher between the fair value less costs of disposal and the value in use. Upon estimating the value in use, future estimated cash flows are discounted from the current value by using a discount rate before taxes which reflects the current market valuations in respect to the temporary value of money and the specific risks of the asset for which the estimates of future cash flows have not been adjusted.

If the calculated recoverable amount of an asset (or cash generating unit) is lower than its carrying value, the carrying value of the asset (or cash generating unit) is reduced to its recoverable amount. Impairment loses are recognized immediately in the statement of income, except if the asset is recorded at a revalued amount, in which case, the impairment loss should be considered as a decrease in the revaluation.

When a loss from impairment is subsequently reversed, the carrying value (or cash generating unit) increases to the reviewed estimated value of its recoverable amount, so that the increased carrying value does not exceed the carrying value that had been calculated if the impairment value had not been recognized for such asset (or cash generating unit) in prior years. The reversal of a loss from impairment is recognized automatically in the statement of income.

3.2. Abandonment of Pipelines, Equipment and Other Facilities

In accordance with environmental and oil regulations, the Company must recognize costs on the abandonment of its property, plant and equipment, which include abandonment of the pipeline, dismantling of facilities and environmental recovery of affected areas. A provision that covers dismantling costs and service retirement has been recognized in relation with the pipeline system. Dismantling costs and service retirement are accrued for the present value of expected costs to cancel the obligation, using future estimated cash flows, and are recognized as an integral part of the cost of such asset in particular. These cash flows are discounted at a current market rate before taxes, which reflects the specific risks of the liability. The discount amount is recorded as expense as incurred and is recognized in the statement of income as financial costs. Estimated future costs of dismantling and service retirement are reviewed annually, and adjusted as appropriate. Changes in estimated future costs or in the discount rate applied are added to or subtracted from the related asset cost. The estimate of costs for abandonment and dismantling of these facilities are recorded in the functional currency of the Company at the time of the asset's installation. The estimated obligation set up for abandonment and dismantling is subject to review at each period closing and adjusted to reflect the best estimate, due to technological changes and political, economic, environmental matters, as well as changes of security and of relations with stakeholders.

The calculations of these estimates are complex and involve significant judgments by the management, as the internal projections of costs future inflation and discount rates.

3.2. Abandonment of Pipelines, Equipment and Other Facilities (continued)

The Company considers that abandonment costs are reasonable, based on the experience and market conditions; however, significant variations in external factors used for the calculation of the estimate could significantly impact the financial statements.

3.2.1. Litigation

The Company is subject to claims through regulatory and arbitration procedures, tax liquidations and other claims that arise during the ordinary course of businesses. The management and legal counsel evaluate these situations based on their nature, the probability that they materialize and the amounts involved to decide on the amounts recognized and/or disclosed in the financial statements. This analysis, which could require considerable judgments, includes legal processes filed against the Company and claims not yet initiated. A provision is recognized when the company has a present obligation as a result of a past event, it is probable that an outflow of resources incorporating economic benefits to settle the obligation and a reliable estimate of the amount of such obligation can be made.

3.2.2. Income Tax

Significant judgments are required for the determination of income tax estimates and to assess the recoverability of deferred tax assets, which are based on the ability to generate sufficient fiscal results during periods in which such deferred taxes could be used or deducted. Deferred tax liabilities are recorded in accordance with estimates of net assets that will not be deductible for tax purposes in the future.To the extent that future cash flows and taxable income differ significantly from estimates, the Company's ability to use deferred tax assets recorded could be affected.

Additionally, changes in the tax regulations could limit the Company's capacity to obtain tax deductions in future years, as well as the recognition of new liabilities as a result of challenges by the audit of the tax inspection entity. The tax positions adopted suppose the careful evaluation by Management, and are reviewed and adjusted in response to circumstance such as expiry of the application of the legislation, close of tax audits, additional disclosures caused by any legal topic or any decision of the Court on a tax matter in particular. The Company creates provisions based on the estimate of the possibility of a negative decision that could arise from a tax audit. The amount of these provisions depends upon factors such as previous experience in tax audits and different interpretations of tax regulations by taxpayer entities and of the tax audit. The actual results could differ from the estimates.

3.2.3. Hedge Accounting

The identification of hedging relations between protected objectives and hedging instruments (derivative financial instruments and/or not derivative) involve critical judgments on the effective existence of the hedging relationship and the effectiveness thereof. The Company continuously evaluate the alignment between the hedging relationships identified and the objects and strategy of its risks' management policy.

3.2.4. Useful Life of Property, Plant and Equipment

The Company determines estimated useful lives and depreciation charges corresponding to property, plant and equipment. This estimate considers the economic life of the pipeline and the limitations of its operation over time. This estimate could change, among other reasons, due to new oil discoveries, changes in the environmental legislation or in the contracts signed with the Company's shippers. Management periodically reviews useful lives and depreciation charges.

4. Accounting Policies

The following are significant accounting policies applied by the Company in the preparation of its financial statements consistently for all periods presented, unless otherwise indicated.

4.1. Financial Instruments

The classification of a financial instrument depends upon the nature and purpose whereby the financial asset or liability is acquired and is determined at the time of the initial recognition.

All regular purchases or sales of financial assets are recognized and written off at the transaction date. Regular purchases or sales are all those purchases or sales of financial assets requiring the delivery of assets within the time framework established by a regulation or in accordance with the market.

Financial assets and liabilities are initially valued at their fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets at fair value with changes in the statement of income) are added or reduced from the fair value of the financial assets and liabilities, as required, in the initial recognition. Transaction costs directly attributable to the acquisition of financial assets and liabilities at their fair value with changes in the statement of income are recognized immediately in results.

Financial assets at fair value with changes in income and with changes in other comprehensive income will be recorded subsequently at their fair value.

Fair Value

Reasonable value is the price that is expected to be received when selling an asset or would be paid to transfer a liability in an orderly transaction between market participants at the valuation date. The

reasonable value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place on the main market of the asset or liability or in the absence of a main market in the most profitable market for the asset or liability.

The hierarchy of the fair value is based on the information level available in the market, which includes liquidity security, availability of exchange prices or indicators generated from market operations (rates, curves, volatilities and other valuation variables required).

- Level 1:

  (Non-adjusted) quotation prices of active markets for identical assets and liabilities. For the Company, Level 1 includes tradable securities actively transacted.

- Level 2:

  Entries other than Level 1 which are observable, either directly or indirectly. For the Company, entries of Level 2 include prices of similar assets, prices obtained through quotations of stock exchange brokers, and prices that may be substantially corroborated with other observable data with the same term of the contract.

4.1. Financial Instruments (continued)

Fair Value (continued)

- Level 3:

  Valuation techniques for which the lowest level input that is significant to the fair value measurement is not observable. The Company does not use level 3 inputs for its recurring measurements of financial assets and liabilities. The Company may use the Level 3 inputs to calculate the recoverable amount of certain non-financial assets in order to perform impairment tests Level 3.

Amortized Cost and Effective Interest Rate Method

The amortized cost value is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

The effective interest rate method is used to calculate the amortized cost of a financial instrument and the distribution of financial income throughout the relevant period. The effective interest rate is the discount rate which exactly matches estimated cash flows receivable or payable (including all commissions, transaction costs and other premiums or discounts that are included in calculating the effective interest rate) during the expected life of the financial instrument (or when necessary, within a shorter period) with the net carrying value in the initial recognition.

Impairment of Financial Assets

Ocensa recognizes the value of the expected credit losses during the active lifetime according to the simplified approach. Asset credit losses are recognized before an instrument pass to be in default. To determine the risk, reasonable and sustainable information is used that refers to the historical behavior and the variables that indicate that there is risk in the future.

For financial assets measured at amortized cost, the amount of impairment loss is the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate of the financial asset.

Derecognition of Financial Assets

Ocensa derecognizes financial assets when assess whether the rights to the cash flows have expired, assess whether the rights to receive the cash flows have been transferred to another party, assess whether an obligation has been assumed to pay the cash flows from the asset to another party; and a) assess whether the entity has transferred substantially all the risks and rewards of ownership to another party or b) If substantially all the risks and rewards of ownership have not been transferred to another party, assess whether control has been retained.

When the Company does not transfer or retain substantially all the risks and benefits of the asset or transfer control of the asset, the Company continues to recognize the transferred asset, to the extent of its continuing participation, and also recognizes the associated liability.

4.1.1. Cash and Cash Equivalents

Cash and cash equivalents consist of financial investments and special deposits maturing within ninety (90) days as of their acquisition date and with a low level of risk in changes of their value.

4.1.2. Financial Assets

The classification of investments in financial assets depends on the purpose of their acquisition; these are classified into the following categories:

a) Financial Assets at Fair Value with Changes in Results.

They are financial assets at fair value through profit or loss, assets acquired mainly to sell in the short term. Financial assets at fair value through profit or loss are recognized at their fair value, the profit or gains arising from the measurement are recognized in profit or loss results of the period.

b) Financial assets at fair value with changes in the other comprehensive income.

They are cash flow hedging instruments. These instruments are recognized by their fair value, and unrealized losses or gains are recognized to other comprehensive income.

At the time of settlement, the accumulated adjustments account for the valuation in other comprehensive income are reclassified to retained earnings.

c) Assets at amortized cost

They are financial assets with fixed or calculable payments, which are not quoted on an active market and classified as current assets; except for maturities over twelve months from the date of the statement of financial position, which are classified as non-current assets.

They are assets held for the collection of contractual cash flows where these cash flows represent only payments of principal and interest. The carrying amount of these assets is adjusted by any estimate of expected credit loss recognized. Interest income from these financial assets is included in "interest and similar income" using the effective interest rate method.

They include loans and accounts receivable, commercial accounts and other accounts receivable which are measured initially at their fair value and subsequently at their amortized cost, using the effective interest method.

4.1.3. Financial Liabilities

Financial liabilities correspond to financing sources secured by the Company through bank credits and bond issues, accounts payable to suppliers and creditors. The Company determines the classification of its financial liabilities in the initial recognition to be measured under the amortized cost method or fair value.

4.1.3. Financial Liabilities (continued)

Bank credits and bond issues are initially recognized at their fair value, net of transaction costs incurred. The difference between the amount received and its main value is recognized in the period result during the amortization time of the financial obligation by using the effective interest rate method.

Financial obligations are classified as current liabilities unless the Company has an unconditional right to defer their liquidation during at least twelve months after the date of the statement of financial position.

Accounts payable to suppliers and creditors are short-term financial liabilities recorded at their par value, as they do not differ significantly from their fair value.

A financial liability shall removed when the obligation specified in the contract is discharged, cancelled or expires. When a financial liability present an exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability extinguished or transferred and the consideration paid, shall be recognized in profit or loss.

4.1.4. Derivative Financial Instruments

Derivative financial instruments are initially recognized at their fair value on the date the contract is entered into and are permanently re-measured at their far value.

If derivative financial instruments do not qualify to be recognized through the hedge accounting treatment, they are recorded at their fair value through the statement of income. Any change in the fair value of these derivatives is recognized immediately in the statement of income in financial costs. If designated for hedge, the method to recognize the profit or loss resulting from changes in the fair values of derivatives depends upon the nature of the risk and the item hedged.

The Company designates certain derivatives as:

a) Hedges of fair value of recognized assets or liabilities (fair value hedge).

b) Hedges of a particular risk associated with a recognized asset or liability or of a transaction expected as highly probable (hedge of cash flows).

At the initiation of the hedging, the Company documents the relationship between hedging instruments and the items hedged, as well as its objectives and risks management strategy that back its hedging transactions. The Company documents its evaluation, both at the initiation of the hedge and periodically, of whether the derivatives used in hedge transactions are highly effective to compensate the changes in the fair values or in the cash flows of the hedged items.

The total of the fair value of derivatives used as hedge is classified as non-current asset or liability when the maturity of the hedged item exceeds 12 months, and is classified as current asset or liability when the maturity of the hedged item is lower than 12 months. Derivatives not used for hedge or which are held to be negotiated, are classified as current assets or liabilities.

4.1.4. Derivative Financial Instruments (continued)

a) Hedges of fair value

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income, and the gain or loss of the hedged item attributable to the hedged risk adjust the carrying value of the hedged item and are recognized in the year results. The gain or loss related with the effective portion of the derivatives is recognized in the statement of income as “financial expenses”, as well as the ineffective portion that is also recognized in the statement of income but as financial costs.

If the hedge no longer complies with the criteria to be recognized through the accounting treatment of hedges, the adjustment in the carrying value of the hedged item, is amortized in results using the effective interest method, in the remaining period through its maturity.

b) Hedges of cash flows

The effective portion of changes in the fair value of derivatives that are designated and qualify as hedges of cash flows is recognized in equity. The gain or loss related with the ineffective portion is recognized immediately in the statement of income in the same line in which the hedged element is recognized.

Amounts accumulated in net equity are recycled to the statement of income in the periods the hedged item affects them. However, when the expected hedged transaction results in the recognition of a non-financial asset, gains or losses previously recognized in equity are transferred from equity and included as part of the initial cost of the asset. Amounts capitalized are finally recognized in cost of sales when products are sold, if considered inventories, or in depreciation, when classified as property, plant and equipment.

When a hedge instrument expires or is sold, or when it no longer meets the criteria to be recognized through the accounting hedge treatment, any accumulated gain or loss in equity at that date remains in equity and is recognized when the projected transaction affects the statement of income. When it is expected that a projected transaction will not occur, the gain or loss accumulated in equity is immediately transferred to the statement of income as financial costs.

4.2. Inventories

The inventories correspond to supplies (fuel, chemicals, etc.), materials, spare parts and consumption elements which are used in the maintenance and operation for the provision of the transport service of crude.

Inventories are valued using the weighted average method. Their cost includes the costs directly related to the acquisition and those incurred to give them their current condition and location. Inventories of consumables (spare parts and supplies) are recognized as inventory and then registered to the expense, or capitalized in the property, plant and equipment in projects insofar such items are consumed.

Inventories that are for sale and that due to their conditions cannot be used in the operation, are stated at the lower of cost and net realizable value.

4.3. Related Parties

Related parties are considered those where one party has the ability to control the other or is controlled, has joint control, is under common control, exerts significant influence on the participant, or is a member of the key workforce management. Ocensa has considered as related parties, its parent company Ecopetrol S.A., the Companies that are under the common control of its parent (CENIT, Oleoducto de Colombia S.A. ODC, Oleoducto de los Llanos Orientales ODL, Oleoducto Bicentenario de Colombia S.A.S., entre otras,); and key management managers.

4.4. Property, Plant and Equipment

Recognition and Measurement

Property, plant and equipment are presented at cost, including the abandonment or dismantling cost, less accumulated depreciation and accumulated impairment losses.

All costs directly attributable to the location of the asset in the place and conditions necessary to be able to operate in the way foreseen by the Company are considered capitalizable. Such costs are mainly at: a) Their acquisition price, including importation tariffs and non-recoverable indirect taxes, b) costs of benefits to employees, deriving mainly from construction or acquisition, c) all costs directly attributable to the location of the asset in the place and conditions necessary to be able to operate in the way foreseen by the management, d) interest costs of loans attributable to the acquisition or construction of assets, and e) initial estimation of dismantling and abandonment.

The crude oil that is necessary to place the pipeline under operating conditions is treated as part of the cost of the pipeline.

Significant spare part pieces and permanent maintenance equipment the Company expects to use during more than one period are recognized as property, plant and equipment, and will be recognized as expense when consumed.

Any gain or loss on retirement of any element of property, plant and equipment is recognized in results of the respective period.

Subsequent Disbursements

Correspond to all disbursements made on existing assets in order to increase or extend expected initial useful life, increase productivity or productive efficiency, allow a significant reduction of operating costs, or replace a part or component of an asset considered critical for the operation are considered additions or improvements.

Expenses of repairs, conservation or maintenance of ordinary nature are charged to period results which they are produced in. However, disbursements associated with overhaul are capitalized.

Depreciation

Property, plant and equipment are depreciated by following the linear method during the estimated useful life. Technical useful lives are revised annually considering reasons such as: Additions or improvements (upon replacement of parts or critical components for asset operation), technological advances, obsolescence or other factors. The effect of these changes are recognized as a change in accounting estimate from the date of change. Depreciation of assets starts when they are under conditions of use.

4.4. Property, Plant and Equipment (continued)

Depreciation (continued)

The useful life is determined under foreseen asset use criteria, its expected physical wear and tear, technical or commercial obsolescence, and legal limits or restrictions of asset use.

The estimated useful lives range between the following ranks:

Ducts, networks and lines	10 – 59 years
Buildings	19 – 55 years
Transportation equipment	7 – 46 years
Fluvial equipment	5 – 20 years
Others	4– 22 years

Land is recorded independently from buildings or facilities and has an indefinite life; therefore, it is not subject to depreciation.

Depreciation methods, residual values and useful lives are reviewed annually and adjusted if required. Leasehold improvements are depreciated at the lower of the lease term and the useful life of the improvement.

4.5. Intangibles Assets

Intangible assets acquired separately are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis in accordance with their estimated useful lives.

Intangible assets with finite useful lives are amortized throughout their economic useful lives and are reviewed to determine if they had any value impairment, to the extent that an indication exists that the intangible asset could have suffered such impairment.

The period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each period closing on which it is reported. Changes in the expected useful life or in the expected consumption pattern of the asset are recorded when the amortization method or term is changed, as appropriate, and are prospectively treated as changes in accounting estimates. The amortization expense of intangible assets with finite useful lives is recognized in the statement of income as expenses resulting consistent with the function of the intangible assets.

According to IFRIC 12, a concession agreement is recognized under the intangible model asset when the operator acquires a right (license) to be charged to users, or for the purpose of its use of the public service. Cash should not be necessarily received since the amounts are conditioned to the level of use of the service by users. Revenues and costs related with the operating phase are recorded in accordance with IFRS 15 Revenues from Ordinary Activities from Contracts with Clients.

In the intangible assets model, the value of the asset is reduced through amortization, not through reimbursements. This leads to the recognition of income in two different moments: the first time for the provision of construction services (in exchange for the intangible asset), and the second time, when payments are received for the use of these services.

4.5. Intangibles Assets (continued)

The intangible asset must be accounted for according to what is established in IAS 38 Intangible Assets. This asset must be amortized during the period of the concession and through the straight line method. The port concession will be recognized as an intangible asset taking into account that the Company does not have the right to receive a fixed remuneration from the nation or from its clients, which guarantees an income during the term of the concession.

The accounting treatment applied to the recognition of the fixed consideration in the concession agreements comprises the reference value equivalent to the net present value of the installments, and is recognized as an intangible concession right charged to a liability.

The intangible will be amortized in straight-line over 20 years, and as a financial liability that will be updated annually for interests and the quotas paid are amortized.

What is paid for the variable component each year is recorded in the statement of income (expenses).

In connection with the investment, the costs incurred in investment commitments are recorded as construction costs and, simultaneously, revenues are recognizing in the statement of income.

4.6. Leases

Leases are classified as financial when all risks and benefits inherent to the property are substantially transferred to the lessee under lease terms. All other leases are classified as operative.

Assets maintained under financial leases when the Company is the lessee, are recognized in the statement of financial position, by the lower between the fair value of the asset and the present value of the lease minimum payments.

The liability corresponding to the lessor is included in the statement of financial position as a financial leasing liability.

These assets are depreciated over the useful life of the asset. When there is no reasonable certainty that the Company will obtain the property of the asset at the end of the contract, the assets leased are depreciated by the lower period, between the estimated useful life of the asset and the term of the lease.

Lease payments are distributed between financial expenses and reductions of leasing obligations in order to reach a constant interest rate on the remaining balance of the liability. Financial expenses are charged directly to results.

Payments of operating leasing are charged to results by using the straight-line method during the corresponding lease term, provided that other systematic prorating base results more representative to appropriately reflect the pattern of lease benefits for the user. Contingent rents are recognized as expenses in the periods they are incurred.

4.7. Impairment of Long-Lived Assets

In order to assess the recoverability of of long-lived assets (tangible and intangible assets), Ocensa carrying value is compared to the value recoverable thereof at least on the period closing date or earlier in the event of identifying indications of asset impairment.

To analyze the impairment, assets are grouped in cash generating units (CGU), provided that such assets individually considered do not generate any cash flows which, to a great extent, are independent from those generated by other assets or CGU. Grouping assets in various CGU implies professional judgment and taking into consideration, among other parameters, business segments.

The Company has one single cash generating unit (CGU), corresponding to the crude oil transport system.

The recoverable value is the higher of the fair value less costs of disposal and the value in use. Wherever the recoverable amount of an asset (or a CGU) is less than its net accounting value, the carrying value thereof (or the CGU's) is reduced to its recoverable value recognizing a value impairment loss in the period results.

The value in use is estimated as the aggregate of future discounted cash flows adjusted to the forecasted risk. Estimations of future cash flows used to assess the asset impairment are based on the forecasted prices of basic products, offer and demand, and product margins. Upon recording of a loss from impairment, the future amortization expense is estimated based on the adjusted recoverable value.

Impairment losses may be reversed only wherever the reversal is related to a change in estimations used after recognition of the loss from impairment. Such reversals shall not exceed the carrying value of depreciation or amortization net assets that would have been estimated if the impairment had never been recognized, nor the recoverable value at the date of the impairment evaluation.

Provisions and Contingent Liabilities

Provisions are recognized wherever the Company has an actual obligation (whether legal or implicit) resulting from a past event and there is probability that outflows will be required to settle the obligation and the value thereof may be accurately measured.

The amount recognized as provision is the best estimation of the outflows required to settle an actual obligation at the end of the reporting period, taking relevant risks and uncertainties into consideration.

Contingent liabilities are not recognized but are subject to disclosure in the explanatory notes wherever there is probability that outflows will be required, including those whose value cannot be estimated.

The Company has as a policy not disclosing in detail information related with disputes with related parties concerning situations involving provisions, contingent liabilities, and contingent assets, insofar as that information seriously damages the Company’s position. In these cases, the Company provides information of a generic nature and explains the reasons that have led to make this decision.

4.8.1. Asset Retirement Obligation

Liabilities associated with the retirement of assets are recognized wherever the Company has obligations, whether legal or constructive, related to the retirement of ducts, properties and equipment. Such obligations shall be recognized by applying the discounted cash flows technique and taking the useful life of the relevant asset into consideration.

Should accurately estimating the provision during the period in which the obligation arises is impossible, then the provision shall be recognized at the moment where there are enough elements to make the best estimate.

The carrying value of the provision is revised and adjusted on an annual basis considering changes in the variables used to estimate it. The financial cost of re-measurement of such liabilities is recognized during the period as a financial expense.

4.9. Employees' Benefits

Oleoducto Central S.A. records short-term benefits, such as salary, vacations, bonuses and others, on the earned basis.

4.9.1. Benefits from Termination of Labor Contracts

Compensations for indemnity, in favor of the Company's employees, in accordance with applicable legal provisions, are demandable in case of termination without just cause. The payment is based on proportions applied on the average base of salaries earned. Oleoducto Central S.A. records the payments made against expenses.

4.10. Income Tax

The income tax expense is comprised by the income tax payable for the current period includes, as applicable, income tax and income tax and the effect of deferred tax in each period. Current and deferred taxes will be recognized in profits or losses, except when they relate with items in other comprehensive income or directly in equity, in which case the current or deferred tax is also recognized in the other comprehensive income or directly in equity, respectively.

4.10.1. Current Tax

The Company determines the provision for income tax, based on the higher value between taxable income or presumptive income (the minimum estimated profitability amount foreseen by law to quantify and compute income tax). Taxable income differs from the income reported in the statement of comprehensive income due to taxable revenue or deductible expense items in different tax and accounting periods, special tax deductions, tax losses and recorded items that, according to tax regulations applicable in each jurisdiction, are deemed non-taxable or non-deductible.

The current tax is calculated by using tax rates enacted or substantially approved at the end of the period being reported. The current tax is shown net, after deducting advances paid and tax withholdings in favor

4.10.2. Deferred Taxes

The deferred tax is recognized by using the liability method, based on temporary differences between the tax basis and the carrying value of assets and liabilities included in the financial statements. The deferred tax liability is recognized for all temporary tax differences. The deferred tax asset is recognized for all deductible temporary differences and tax losses pending amortization, provided there is probability that the Company will have future tax income against which such deductible temporary differences may be deducted.

The National Accounting Office (Contaduría General de la Nación) through communication CGN No.20162000000781 of January18, 2016, determined that the Company should not apply IAS 12 Income tax, paragraphs 38 to 45, stating that the deferred tax from the variations in the exchange rate resulting from comparing assets and liabilities in terms of its functional currency (U.S. dollar) to the tax bases in a different currency (Colombian pesos) should not be recognized in the financial statements.

The effect of the non- application of paragraph 41 of IAS 12 in the deferred income tax amounts is US$2,067 for the statement of income for the year ended December 31, 2018 and US$45,775 for the statement of financial position as of December 31, 2018 (December 31, 2017: US$11,697 and US$43,708 respectively).

Deferred tax assets and liabilities are measured using the tax rates expected to be applied in the period in which the asset is realized or the liability is paid, in accordance with the current tax standards in each period. The carrying value of a deferred tax asset, is subject to review at the end of each reporting period and then reduced, provided that there is probability that the Company will not have enough future taxable income that allows recovering the asset, totally or partially.

Deferred taxes are not recognized if they arise from the initial recognition of an asset or a liability in a transaction (except in a business combination) that at the transaction date neither affects accounting income or the accounting profit or tax gain.

Other Taxes

The Company recognizes in the period’s result costs and expenses of taxes other than the income tax, such as, the wealth tax, which is determined based on the tax equity; the industry and commerce tax which applied on the revenues obtained in municipalities upon the development of trade, industrial and service activities. Taxes are calculated with the current regulations.

The Company recognizes revenues from contracts with customers based on a five-step model established in IFRS 15:

- Step 1. Identification of contracts with customers: A contract is defined as an agreement between two or more parties, which creates rights and obligations required, and establishes criteria that must be met for each contract. Contracts can be written, verbal or implicit through the customary business practices of a company.
- Step 2. Identification of performance obligations in the contract: A performance obligation is a promise in a contract with a client for the transfer of a good or service to the latter.

- Step 3. Determination of the price of the transaction: The price of the transaction is the amount of the payment to which the Company expects to be entitled in exchange for the transfer of the goods or services promised to a client, without taking into account the amounts received on behalf of third parties.
- Step 4. Distribute the transaction price among the performance obligations of the contract: In a contract that has more than one performance obligation, the Company distributes the price of the transaction among the performance obligations that represent the amount of the consideration to which the Company expects to have the right, in exchange for fulfilling each performance obligation.
- Step 5. Recognition of income when (or as) the Company fulfills a performance obligation.

The Company fulfills a performance obligation and recognizes income over time, if one of the following criteria is met:

a) The performance of the Company does not create an asset with an alternative use for the Company, and the Company has an enforceable right to payment for the performance completed to date.
b) The Company's performance creates or improves an asset that the client controls as it is created or improved.
c) The client at the same time receives and consumes the benefits that result from the performance of the Company as it works.

For performance obligations where none of the indicated conditions is met, the income is recognized at the moment in which the performance obligation is fulfilled.

When the Company fulfills a performance obligation by delivering the promised goods or services, it creates a contract asset for the amount of the consideration obtained with the performance. When the amount of the consideration received by a client exceeds the amount of the recognized income, this generates a contract liability.

The revenue is measured based on the consideration specified in the contract with the customer, and excludes the amounts received on behalf of third parties. The Company recognizes income when it transfers control over a good or service to a customer.

The Company evaluates its income plans based on specific criteria to determine if it acts as principal or agent.

Revenue is recognized to the extent that the economic benefits are likely to flow to the Company and if it is possible to reliably measure revenues and costs, if any.

The business of Ocensa is based mainly on a source of income, which includes the services associated with the transportation of crude oil from various types of contracts such as "ship and pay" and "ship or pay". The generated income is recognized when the control of the services is transferred to the client at a value that reflects the consideration that Ocensa expects to receive in exchange for such products and services.

4.11. Recognition of Revenue from Contracts with Customers (continued)

Revenues from transportation services are recognized to the extent which service is provided to the customer and there are no conditions in which there are effects on a variable price related to volumetric adjustments or other contractual conditions that prevent recognition of income.

"Ship or pay" operations are recorded as income independently of the fact that all the crude is actually transported. "Ship and pay" operations are caused as income in the period in which the transport activity is carried out. In the contracts that have compensation term, the income is understood to be realized when the conditions established in each of them are met.

"Ship or Pay" contracts: some firm fixed quantities contracts of service that a customer will pay, even if the customer does not receive or use them. The quantities of products or services that a customer chooses not to take or use in the specified delivery period are called "deficient quantities."

- Prohibited recovery period: if a customer can not compensate for deficient amounts in future periods, the Group fulfills its performance obligations and recognizes the revenues for the quantities or services contractually specified as the period of service expires.
- Permitted recovery period : some Ship or Pay agreements contain poor recovery periods that allow customers to purchase the product or service in a future period and offset the specified contractual amounts of the product or service for which they paid but did not receive in a previous period.

If the client can compensate for deficient amounts in future periods, Ocensa has performance obligations to deliver those volumes at the customer's request (subject to contractual and capacity restrictions) . If the client is expected to recover all the deficiencies to which he is entitled contractually, any charge received related to the temporary deficiencies that will be offset in a future period will be deferred and the entity will recognize that amount as income when any of the following situations occurs:

a) The client exercises his right or
b) The possibility that the client exercises his right to the volumes or services of deficiency is remote.

In the other cases, the income is recognized at the moment in which it has accrued and the true, probable and quantifiable right to demand its payment is born, product of having complied with the obligations with customers. Interest income on arrears in the collection of the portfolio is recognized in accordance with the principles of prudence and realization.

Financial income is recognized in the income statement, in the period that is generated.

Variable Considerations

When complying with the obligations established in the contracts with customers, via the provision of the service, there may be variable components of the transaction price. In these cases, Ocensa makes the best estimate of the transaction price that reflects the services transferred to customers.

Regarding the clauses of the contracts signed with clients and Ocensa, variable considerations associated with reimbursement rights, rebates or discounts that require an estimate and that generate a material impact on the Financial Statements are not contemplated.

4.11. Recognition of Revenue from Contracts with Customers (continued)

Significant Financial Component

Generally, compliance with performance obligations and payments received from clients are executed in the short term, so there are no operations that contain a significant financial component that requires some adjustment of the consideration at its present value.

The book value recorded as trade accounts receivable corresponds to the value of the transaction and is recognized as the services are rendered.

Ocensa does not maintain significant agreements with non-operating partners in which it assumes the role of agent.

4.12. Costs and Expenses

Costs and expenses are individually presented by function and detailing, in the relevant notes, the composition of cost of sales and expenses related to administration, operation, projects and other expenses.

4.13. Financial Income (Expenses)

Financial income and expenses include mainly: a) interest costs of loans and financing, except those which are capitalized as a part of the asset cost, b) valuation of profits and losses of financial instruments measured at fair value with changes in results, c) exchange differences of financial assets and liabilities, d) financial update expenses of long term liabilities (abandonment costs).

4.14. Cash Flows

The statement of cash flows informs the generation of cash by categories (operation, investment and financing) during a given period. Classification of cash flows according to the aforementioned activities provides information that enables users to assess the impact on the Company's financial position, as well as on the final amount of its cash and other cash equivalents.

Under accounting and financial information standards, the Company may report its cash flows from operations by using one of the following methods:

- Direct method: consists of presenting separately the main categories of collections and payments in gross terms.
- Indirect method: starts presenting the gain or loss in net terms, an amount which is later corrected by the effects of non-monetary transactions, for all type of deferred payment items and accruals (revenue) which are the cause for collections and payments in the past or in the future, as well as loss or gain items associated with cash flows of operations classified as of investment or financing.

The Company presents its statements of cash flows under the indirect method.

The main categories include:

4.14. Cash Flows (continued)

- **Operating Activities**

Are the activities that make the most significant source of Ocensa's operating revenue, such as collections from the provision of services, payments to suppliers for the provision of goods and services, payments to employees, income tax payments, in other words, all transactions that represent the most important source of revenue from ordinary activities performed by the Company.

- **Investing Activities**

Are the disbursements that result in recognition of an asset in the statement of financial position, such as payments, revenue from the acquisition of property, plant and equipment, intangible assets and other long-term assets, cash advances and loans to third parties or collections (other than transactions entered by financial entities).

- **Financing Activities**

Are activities that result in changes in the size and composition of company-owned funds and monies borrowed, such as inflows from the issue of shares, payments to shareholders or reimbursements of the funds taken as loans.

Cash Flows in Foreign Currency

Cash flows from transactions in foreign currency will be translated into the functional currency by applying the amount in foreign currency at the exchange rate between both currencies prevailing on the date each relevant cash flow took place.

5. Information on Operation Segments

All Company's assets are located in Colombia and are focused on a single segment which is crude oil transportation. For administration purposes, Management supervises operating results based on the crude transportation operation, where its main assets are represented by the pipeline, this being the basis for decision making concerning the assignment of resources and evaluates its financial yields. There are no operating segments that should be aggregated to form part of that previously reported.

Ocensa adopted for the first time the following amendments to the IFRS issued by the IASB, applicable for the period covered by this report:

6. New Standards and Regulatory Changes

IFRS 9 "Financial Instruments" replaced IAS 39 "Financial Instruments: Recognition and Measurement" and becomes effective for annual periods beginning on or after January 1, 2018. IFRS 9 includes: 1) Classification and measurement of assets and financial liabilities, 2) Impairment of financial assets and 3) Hedge accounting. Ocensa implemented this standard from its effective date.

6. New Standards and Regulatory Changes (continued)

Ocensa did not present significant changes in terms of measurement, classification or impairment with respect to the hedge accounting model. Ocensa determined as an accounting policy, to continue with the requirements established by IAS 39 for existing operations.

IFRS 15 "Income from ordinary activities from contracts with customers" provides a single model for accounting for the income derived from contracts with customers, focusing on the identification and fulfillment of performance obligations. IFRS 15 replaces IAS 18 "Revenue" and was effective for annual periods beginning on or after January 1, 2018. Under the new standard, income is recognized when performance obligations are met and there are no indicative situations that the price or variable consideration that compose it are not measurable or realizable. Likewise, the recognition of income is observed when the client obtains control of the goods or services promised in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. The standard also contains presentation and disclosure requirements that are more detailed than those defined by IAS 18, which represents an increase in the volume of disclosures required in the financial statements.

Ocensa implemented this standard from January 1, 2018, using the modified retrospective method, which allowed adjusting the calculated impacts within the equity, at the date of initial application, without requiring adjusting the comparative years. Its adoption did not have a material effect on the amounts recognized in the statement of financial position and in the statements of comprehensive income and results, changes in equity and cash flows in previous periods; however, it required the implementation of new internal controls, changes in accounting procedures and policies to allow documentation on the adoption of the standard and its future application.

New Standards, Modifications and Interpretations Incorporated into the Accepted Accounting Framework in Colombia whose Application must be Evaluated as of January 1, 2019 or that may be Applied in Anticipation

Decree 2170 of December 2017 introduced a new standard issued by the International Accounting Standards Board (IASB) to the regulatory framework for financial information, to be applied as of January 1, 2019. although its application could be carried out in advance. The evaluation of the impact of this new standard in accordance with the analyzes carried out by the Company is described below.

IFRS 16 "Leases"

This Standard issued in January 2016 establishes the principles for the recognition, measurement, presentation and disclosures of leases, the new standard replaces IAS 17 Leases, IFRIC 4 "Determination of whether an agreement contains a lease", the SIC-15 "Operating Leases - Incentives" and SIC -27 "Evaluation of the essence of the Transactions that Adopt the Legal Form of a Lease. The standard presents a control model for the identification of leases and their treatment in the financial statements for lessees, separating an asset identified as the object of the lease and the services corresponding to the service contract as such, the Company could recognize more assets and liabilities, mainly derived from the rental of construction equipment and offices. As for the lessee, the main changes lie in the elimination of the differentiation of financial and operating leases, instead a single lease model is recognized in which all the leases are recognized in the statement of financial position as an asset of right of use and a lease liability, with the exception of leases in which the underlying asset is of low value and short-term leases. Additionally, the interest expense of the liability and the depreciation expense of the recognized asset must be recognized separately in the income statement.

6. New Standards and Regulatory Changes (continued)

IFRS 16 "Leases" (continued)

The lessees must make reclassifications of the liability on certain occasions (e.g. a change in the lease period, changes in the future lease flows). These reclassifications of the liability will generally be recorded as an adjustment to the right of use of the asset. The new Standard does not bring major changes in recognition, measurement and disclosure for landlords. For the lessor, leases continue to be classified as financial and operating leases. The standard will be effective for annual periods beginning on or after January 1, 2019 with limited possibilities for early implementation. The Company does not expect to adopt the mentioned norm in advance, it is evaluating the potential impacts that the mentioned norm will generate.

The Company has begun a potential assessment of the impacts on its financial statements, so far the most significant impact identified is the recognition of assets and liabilities of its operating lease agreements, especially properties used in the operation of offices, vessels used in the operation of the port in Coveñas, use of helicopters in the operation and the right to use a gas pipeline. In addition, the nature of the expenses corresponding to operating lease contracts as a lessee will change with IFRS 16, from lease expenses to charges for depreciation of rights to use the asset and financial expenses in lease liabilities.

Transition to IFRS 16

The Company will apply IFRS 16 as of January 1, 2019, using the modified retrospective approach, recognizing an asset for right of use at the date of initial application for the leases previously classified as an operating lease under IAS 17, which will be equal to the value of the lease liability.

The Company has decided to use the exemptions allowed by the leasing standard for contracts in which the execution period is less than twelve (12) months and the contracts in which the underlying asset is considered to be of low value. The Company has evaluated the estimated impact that the initial application of IFRS 16 will have on its consolidated financial results as of January 1, 2019, as follows: the final impacts of adoption may vary, since the new accounting policies and estimates are subject to change until the Company presents its first financial statements in 2019.

The Company will recognize new assets and liabilities derived from its operating leases mainly for the following types of assets:

- Property
- Ships
- Machinery and equipment
- Helicopters
- Vehicles
- Land

In the case of lands, the expiration date will be defined over the lower between the term of the contract and the useful life of the pipeline.

6. New Standards and Regulatory Changes (continued)

Rights of use in Association Contracts

The Company has recognized operating lease expenses in a straight line over the term of the lease. The nature of the expenses related to the aforementioned leases will change, since a depreciation charge will be recognized for the right-of-use assets and the financial expense of the lease liabilities.

Based on the currently available information, Ocensa estimates that it will recognize assets for right of use in the amount of US$24,905 as of January 1, 2019, whose counterpart will be the lease liabilities. The final results may differ due to possible changes in accounting policies and estimates.

Reconciliation of financial liabilities

Minimum operating leasing payments at December 31, 2018	US$	36,546
Recognition of exemptions		
Short term		(734)
Low value		(102)
Incremental discount rate of debt at January 1, 2019		(10,805)
Financial liabilities recognized by the application of IFRS 16 at January 1, 2019		**24,905**
Financial lease obligations at December 31, 2018		**–**
Financial lease obligations at January 1, 2019	**US$**	**24,905**

7. Cash and Cash Equivalents

	December 31, 2018		**December 31, 2017**	
Term deposit certificates	**US$**	**170,205**	US$	70,093
Banks		**64,698**		157,522
Trusts		**4,463**		8,641
National tax refund securities (TIDIS)		**42**		90
Cash		**14**		10
	US$	**239,422**	US$	236,356

The fair value of cash and its equivalents is approximated to its carrying value due to its short-term nature (less than three months) and it's highly liquidity. At December 31, 2018 and 2017 Cash and cash equivalents have no restrictions or liens limiting their disposition.

8. Trade Debtors and Other Accounts Receivable

	December 31, 2018		**December 31, 2017**	
Related parties (*Note 28*)	**US$**	**139,534**	US$	149,349
Trade accounts receivable		**23,872**		38,773
Transport tax receivable		**4,373**		6,141
Accounts receivable from employees (1)		**2,971**		5,435
Others debtors		**2,208**		1,162
	US$	**172,958**	US$	200,860

8. Trade Debtors and Other Accounts Receivable (continued)

	December 31, 2018		December 31, 2017	
Trade debtors and other short term accounts receivable		**169,637**		196,664
Trade debtors and other long term accounts receivable	**US$**	**3,321**	US$	4,196

(1) The Company granted the administration, handling and control of loans to employees to Fiduciaria Alianza S.A., which manages the detail by employee of those loans and their respective conditions. Loans to employees are considered financial assets and are recognized at their fair value.

	December 31, 2018		December 31, 2017	
Impairment for Receivables				
At the beginning of the year	**US$**	**217**	US$	–
Impairment losses recognized in profit or loss		**–**		215
Difference in currency exchange		**(18)**		2
At the end of the year	**US$**	**199**	US$	217

9. Inventories

	December 31, 2018		December 31, 2017	
Fuels and petrochemicals	**US$**	**11,691**	US$	–
Materials for service provision		**12,752**		–
	US$	**24,443**	US$	–

As of December 31, 2018, purchases of fuels and petrochemicals were made to ensure the operation of the pipeline in accordance with the contractual conditions established.

Ocensa was analyzing materials and supplies in relation to their use in the Company's operation. This analysis was completed during the second semester of 2018 and the pertinent transfers were made.

10. Derivative Financial Instruments

	December 31, 2018		December 31, 2017	
Hedge Contracts	**US$**	**(25,403)**	US$	8,533

Other financial assets / liabilities correspond to the valuation of financial instruments deriving from Oleoducto Central S.A., whose purpose is to mitigate the volatility of the exchange rate on the cash flow required for Company's operations. The balances correspond to their fair value classified in the second level of hierarchy, calculated based on observable entries by using the methodology of forward points.

10. Derivative Financial Instruments (continued)

Taking into account that the Company's functional currency is the US dollar, any transaction in a currency other than the US dollar represents an exposure to the exchange rate risk for Company's performance. In order to mitigate the impact on cash flows that could be generated as a result of variations in rates of Colombian peso versus the US dollar, the management evaluates the exposure to this risk for the twelve (12) months moved forward subsequently and makes the decision to contract hedge instruments for the cash flow in pesos, within the framework established by the financial risk management policy.

The use of three derivative instruments is established in such policy: Forwards, collars and options. At present, the Company has only entered into hedge operations by means of forward instruments under the non-delivery basis.

The Company covers mainly the following risks:

- Up to 50% of its operating expenses. The main headings of operating expenses the Company is hedging are those related to personnel, leases, fees and services, insurance, maintenance and repairs, variable costs, which are denominated in Colombian pesos.

- Up to 100% of its operating expenses. Tax headings being covered correspond to income tax and related taxes, and surcharge.

Forward hedge instruments being used allow setting the sales price in US dollars, which will offset the effect of devaluation or revaluation arising up to the time the Company monetizes resources necessary to cover its monthly or specific obligations on operating expenses and tax payments, which are payable in Colombian pesos.

The nominal value of forward operations is US$332,437 (December 31, 2017 US$324,687). Taking into account that the Company seeks to minimize the exchange exposure for the twelve (12) future months, cash flows are expected to be made and payments of months from January to December, 2019 are expected to be covered.

The change in the net position of the hedges opened in the indicated periods, is due to the differences between the agreed rate in the hedges and the projected forward rate for the valuation of the derivative, so as of December 31st, 2018, the average value of the covered rate is US$3,073.59 / peso, being below the average projected forward rate, which is US$3,274.25. As of December 31th,2017, the average value of the covered rate is US $ 3,086.89 / peso, above below the average projected forward rate, which is US $ 3,019.82.

The variation and/or compensation of the hedging operations carried out for the payment of taxes are recorded as a lesser and/or greater value of the covered expense than in the period in which the hedged item is recognized in the income statement and the following periods until it is realized, the variation is recorded in the exchange rate item; the variation of the expense coverage operations (Opex) will be recorded in the state of integral result as long as they are effective; once it is liquidated the result of the compensation will be recorded as a lesser and/or greater value of the amount of the covered expense.

10. Derivative Financial Instruments (continued)

To evaluate the effectiveness of the coverage achieved with the above instruments, the qualitative method of the Critical Elements will be used. Thus, the hedging instruments used are compared with hypothetical derivatives that have a direct economic relationship with the hedged items in all their critical elements (amount, underlying, maturity, etc.). Since the hedged items correspond to the sale of US$ in exchange for COP by the Company, the hypothetical derivatives to be used in this case consist of acquiring non-delivery forward contracts with a hypothetical risk-free entity to sell US$ in exchange for COP for the amounts and rates.

The value recorded in "Other Comprehensive Income" – OCI at December 31, 2018 amounts to US$19,918 (net of tax (US$13,347) and at December 31, 2017 it amounts to (US$5,084) and net of taxes at that date of (US$3,203).

11. Other Non- Financial Assets

	December 31, 2018		December 31, 2017	
Prepaid expenses	**US$**	**2,365**	US$	2,482
Supplier advances		**724**		3,007
	US$	**3,089**	US$	5,489
Prepaid expenses non-current	**US$**	**743**	US$	–
	US$	**743**	US$	–

12. Assets Held for Sale

	December 31, 2018		December 31, 2017	
Initial balance	**US$**	**18,783**	US$	21,896
Impairment		**–**		(1,580)
Sales		**(513)**		(1,533)
Transfer		**(18,270)**		–
Ending balance	**US$**	**–**	US$	18,783

At December 31,2016 the Company classified assets held for sale, corresponding mainly to assets of property, plant and equipment acquired within the investment process of the "P-135" project. The Board of Directors authorized the initiation of the optimization process of costs incurred and to do so, the sale process of these assets was approved by means of minute N° 249 on July 22, 2016.

As of December 31, 2017, the Company carried out an analysis of the fair value of these assets, which determined that their book value does not exceed fair value, except for certain items that require recognition of the fair value adjustment of the market, which was recognized in the financial statements for US$1,580.

12. Assets Held for Sale (continued)

During the initial period of implementation of sales plan, circumstances arise that were previously considered unlikely due to market conditions in which a decline is evident in oil prices discouraging investments in the hydrocarbon sector, which Ocensa fixed its market arise potential and as a result, assets classified as held for sale were not sold at the end of the period 2017. The Company undertook the necessary actions to respond to changing circumstances and achieve the sell of these assets at a reasonable price, given the change market conditions, for it has established plans intensions crash where potential buyers were obtained. Given the above and considering the aspects set out in IFRS 5, Annex B, the Company decided to continue at year end categorizing such as a group held for sale.

During the first half of 2018, the company decided to continue with the shock plan to make the sales of those assets, achieving sales amounting to US$513. As at June 30, 2018 the company assessed the sale plans and validated that despite the intentions of potential clients, there are no firm agreements to execute in the next months, so we proceed with the reclassification as assets at the lower value in books before it was classified as held for sale for US$18,270.

13. Property, Plant and Equipment, Net

	Plant and Equipment	Ducts, Networks and Lines	Constructions in Progress (1)	Buildings	Land
At December 31, 2016	US$ 431,309	US$ 1,667,892	US$ 175,958	US$ 76,348	US$ 21,362
Additions	1,898	13,645	40,650	–	–
Capitalization	109,006	36,187	(145,820)	103	–
Consumption of materials and spare parts	–	–	3	–	–
Sales and retirements	(39)	(5,632)	–	–	–
Update of the Abandonment Cost Rate	–	–	–	–	–
Transfers (3)	2,670	(6,268)	(1,781)	–	–
At December 31, 2017	544,844	1,705,824	69,010	76,451	21,362
Additions	**294**	**140**	**45,886**	**12**	**–**
Capitalization	**23,130**	**26,229**	**(49,320)**	**–**	**–**
Consumption of materials and spare parts	**–**	**–**	**–**	**–**	**–**
Sales and retirements	**(2,575)**	**(36,297)**	**–**	**–**	**–**
Update of the Abandonment Cost Rate	**–**	**–**	**–**	**–**	**–**
Transfers (3)	**17,673**	**577**	**(1,067)**	**–**	**–**
At December 31, 2018	**US$ 583,366**	**US$ 1,696,473**	**US$ 64,509**	**US$ 76,463**	**US$ 21,362**
Depreciation and impairment provision					
At December 31, 2016	US$ (32,489)	US$ (713,589)	US$ –	US$ (7,557)	US$ –
Charge for period depreciation	(23,602)	(67,767)	–	(2,282)	–
Impairment value (4)	(1,384)	–	–	–	–
Sales and retirements	64	70	–	–	–
At December 31, 2017	(57,411)	(781,286)	–	(9,839)	–
Charge for period depreciation	**(25,385)**	**(74,619)**	**–**	**(2,282)**	**–**
Sales and retirements	**1,534**	**35,960**	**–**	**–**	**–**
Transfers (3)	**7**	**31**	**–**	**–**	**–**
At December 31, 2018	**US$ (81,255)**	**US$(819,914)**	**US$ –**	**US$ (12,121)**	**US$ –**
Net carrying value					
At December 31, 2017	**US$ 487,433**	**US$ 924,538**	**US$ 69,010**	**US$ 66,612**	**US$ 21,362**
At December 31, 2018	**US$ 502,111**	**US$ 876,559**	**US$ 64,509**	**US$ 64,342**	**US$ 21,362**

13. Property, Plant and Equipment, Net (continued)

(1) Constructions in Progress

The balance as at December 31, 2018 includes mainly investments made in the projects such as Replacement of Equipment El Porvenir, update of Motores Coveñas, VFD Cusiana Project, Optimization of wharf, Lazos Movimientos Cusiana Adcus +, Scada, Maintenance Control Center, crude oil line Chiquillo and other smaller projects; as at December 31, 2017 these projects were also in progress.

Capitalizations were made of the projects Dilution Coveñas, AD600, Connection Araguaney Cusiana, Optimization of storage Cusiana, Capitalization Sipra, Adecuación W, Adcus 2K and maintenance of capitalizable investments executed during 2016, 2017 and 2018 were also made during the second half of 2018. Capitalizable investments corresponded to the optimization of the system. There are projects in progress with early entries that are in operation and on which it is expected to complete the final phases in 2019.

(2) Other

This heading includes material's spare parts, abandonment cost of the pipeline system, office, computers and telecommunication, transportation and fluvial equipment. There are no commitments and/or restrictions of acquisitions of property, plant and equipment.

(3) Transfers

Net transfers from property, plant and equipment at year 2018 amount to (US$5,517) and are detailed below

- Transfers From assets held for sale to PP&E amounts to US$18,270
- Transfer from PP&E to intangibles at December 31, 2018 amounts to US$(1.439)
- From PP&E to inventories for US$(22,808)
- From provisions to PP&E during the second half for US$460

Net transfers from property, plant and equipment at year 2017 amount to (US$6,975) and are detailed below

- Transfer from PP&E to intangibles at December 31, 2017 amounts to US$(7.384)
- From provisions to PP&E during the second half for US$409

(4) Impairment value

This impairment does not correspond to the long-term assets associated with the cash-generating unit, but to the impairment generated in specific assets for Project P 135.

Impairment

As at December 31, 2018 and 2017, the Company evaluated if there were indications of impairment in the cash generator unit by means of a qualitative analysis, where external variables were verified such as the legal, technological and market environment, and of internal variables such as the useful life, obsolescence and/or physical impairment, as well as changes in current contracts; concluding that at the time of the analysis, no impairment evidences exist of the cash generator unit. See note 30 for further disclosure on the potential impacts of the COVID 19 pandemic.

14. Intangibles, Net

	Licenses and Software		Service Concession Agreement		Agreement Gas Transmission		Total	
Acquisition cost								
At December 31, 2016	US$	15,600	US$	43,620	US$	–	US$	59,220
Additions		206		4,514		–		4,720
Transfers		–		2,823		4,561		7,384
At December 31, 2017		15,806		50,957		4,561		71,324
Additions		**495**		**8,712**		**–**		**9,207**
Retirements		**(88)**		**–**		**–**		**(88)**
Transfers		**235**		**564**		**640**		**1,439**
At December 31, 2018	**US$**	**16,448**	**US$**	**60,233**	**US$**	**5,201**	**US$**	**81,882**
At December 31, 2016	US$	(12,623)	US$	(43,620)	US$	–	US$	(56,243)
Charge for period amortization		(591)		(226)		–		(817)
At December 31, 2017		(13,214)		(43,846)		–		(57,060)
Charge for period amortization		**(158)**		**(722)**		**(260)**		**(1,140)**
Sales and retirements		**88**		**–**		**–**		**88**
At December 31, 2018	**US$**	**(13,284)**	**US$**	**(44,568)**	**US$**	**(260)**	**US$**	**(58,112)**
Net carrying value								
At December 31, 2017	**US$**	**2,592**	**US$**	**7,111**	**US$**	**4,561**	**US$**	**14,264**
At December 31, 2018	**US$**	**3,164**	**US$**	**15,665**	**US$**	**4,941**	**US$**	**23,770**

Service Concession Agreement

Port Concession Agreement No. 016 of December 6, 1996, whose purpose is to grant a port concession for the construction and operation of off-shore facilities of a new oil terminal of Coveñas intended to load exportation crude, was initially intended to render a private service.

On October 24, 2011, Addendum No. 2 is signed whereby the class of service is changed from private port to public port intended for the handling of exportation crude. The payments were made in accordance with Addendum No. 02.

Addendum number 03 was signed on December 5, 2016, where the obligations regime is adjusted, the concession term is extended for 20 more years and the value of the valuable consideration and of investments is changed based on the investments plan delivered by the Company and approved by the Agencia Nacional de Infraestructura, a total investment of US$104 million at the net present value equivalent to US$56 million (discounted at a rate of 12%, included in the contract signed by the parties).

Addendum number 04 was signed on December 4, 2018, where the investment plan is adjusted extending for two years the replacement of the Monoboya, transferring the operation start-up to 2021, concentrating the investment between 2019 – 2020. This change does not modify the type of heading formulated in the initial plan. The economic impact is transferred to the change of hoses, which increased by approximately US$5 million based on the technical analysis.

14. Intangibles, Net (continued)

With these changes the nominal value of the investment passes from US$104.9 million to US$108.5 million, maintaining the net present value equivalent to US$56 million (discounted at a rate of 12%, included in the contract signed by the parties).

As at December 31, 2018 the fixed portion of the valuable compensation was recorded which amounts to US$5,597 for the 18,5 years, which was discounted at a risk free rate of 1.18% in dollars, a rate taken from de Treasury Department, which was recognized as an intangible asset and a financial liability. The intangible will be amortized using the straight-line method over 20 years and the liability will be updated annually for interests and the installments paid are amortized, and at December 31, 2017 corresponds to the sum of US$5,486.

15. Debts and Loans Bearing Interest

Composition of Loans

Loans are recorded at their amortized cost, which corresponds to the present value of cash flows, discounted at effective interest rate.

	December 31, 2018		December 31, 2017	
Short-term loans				
Interest payable for external public credit	**US$**	**20,000**	US$	20,000
Financial leasing		**–**		200
	US$	**20,000**	US$	20,200
Long-term loans				
External Public Credit Bonds	**US$**	**480,979**	US$	480,199
	US$	**480,979**	US$	480,199
	US$	**500,979**	US$	500,399

Long-Term External Public Credit Bonds

By means of Resolution 1369 of April 29, 2014, the Ministry of Finance and Public Credit authorized the Company to subscribe, issue and place External Public Debt Bonds, under Rule 144 A / S Registration of the United States of America Securities Act, in international capital markets for up to five hundred million dollars of the United States of America (US$500,000,000) in order to finance the needs of investment of future expansion projects (Potency 135 and Warming).

The characteristics, term and conditions are as follows:

- Redemption term: 7 years, with a maturity date until May 7, 2021
- Issue price: 99.367%
- Amortization: Upon maturity
- Yield at maturity: 4.105%

15. Debts and Loans Bearing Interest (continued)

Long-Term External Public Credit Bonds (continued)

- Denomination currency: Denominated in dollars of the United States of America (US$)
- Interest rate: Fixed, in accordance with market conditions prevailing on the bonds placement date, thus complying with the maximum limits for the external indebtedness interest rates defined by the Central Bank.
- Denominations US$200,000 and integral multiples of US$1,000
- Listed in: Luxembourg Stock Exchange

The variation of this obligation of the period from July to December 2018 corresponds to the recognition in the statement of income of the bond issue costs and includes the exchange difference generated by the conversion of the debt from functional currency to presentation currency.

Below is the fair value of bonds (Unaudited):

	December 31, 2018		December 31, 2017	
Fair Value	**US$**	**493,070**	US$	514,075

Loans are recorded in the financial statements at their amortized cost, which corresponds to the present value of cash flows, discounted at the effective interest rate. For the measurement at fair value bonds were valued using as source the Bloomberg methodology. Bloomberg.

Article 28 of External Resolution No. 8 of 2000 of the Board of Directors of the Central Bank establishes that interest rates of foreign currency credits, including securities placed in international markets, should reflect market conditions and may not exceed the maximum rate applicable generally indicated by the Central Bank.

Payment dates of interest will be May 7 and November 7 of each year, starting on November 7, 2014

Computation date: May 7, 2014; T+5, gross value: US$496,835,000; rate: 4.000%, determined on a 30/360-day basis.

Loans Maturity Profile

The loans maturity profile is described below:

	Up to 1 year		1 – 5 years		Total	
At December 31, 2018						
External Public Credit Bonds	**US$**	**20,000**	**US$**	**480,979**	**US$**	**500,979**
Lease obligations		**–**		**–**		**–**
	US$	**20,000**	**US$**	**480,979**	**US$**	**500,979**
At December 31, 2017						
External Public Credit Bonds	US$	20,000	US$	480,199	US$	500,199
Lease obligations		200		–		200
	US$	20,200	US$	480,199	US$	500,399

16. Trade Accounts and Other Accounts Payable

	December 31, 2018		December 31, 2017	
Suppliers and accounts payable (1)	**US$**	**66,491**	US$	82,990
Related parties (*Note 28*)		**5,127**		5,790
Withholding tax		**3,703**		3,220
Employees fringe benefits		**811**		953
Withholdings and payroll contributions		**979**		1098
Industry and commerce tax withholdings		**196**		157
	US$	**77,307**	US$	94,208
Trade accounts and other accounts payable, short term	**US$**	**72,686**	US$	89,819
Trade accounts and other accounts payable, long term	**US$**	**4,621**	US$	4,389

(1) The accounting value of trade accounts and other accounts payable is close to its fair value due to its short term nature.

17. Tax Liabilities

Below is the detail of the current taxes:

	December 31, 2018		December 31, 2017	
Income tax	**US$**	**100,571**	US$	162,459
Other taxes		**4,509**		8,225
	US$	**105,080**	US$	170,684

17.1. Income Tax

Below is the detail of the Current tax and/or (credit balance)

	December 31, 2018		December 31, 2017	
Provision for income tax (1)	**US$**	**314,725**	US$	367,289
Provision for surtax (1)		**38,174**		64,800
Less:				
Income tax advance		**187,377**		178,366
Surtax advance		**39,707**		61,687
Withholding tax balance in favor		**23,518**		29,408
Heavy machinery creditable VAT		**1,726**		169
Liabilities (recoverable balance) payable for income tax	**US$**	**100,571**	US$	162,459

17.1. Income Tax (continued)

Income tax expense

The following is a detail of the tax on income and complementary, and income tax and surcharge income recognized in the result for the period:

	January 1 to December 31, 2018	January 1 to December 31, 2017
Current tax		
Provision for income tax of the year (1)	**US$ 343,885**	US$ 371,605
Provision of surtax (1)	**41,637**	65,561
Adjustment of prior periods' income tax expense and surtax	**(287)**	(135)
Hedges	**1,450**	(3,741)
	386,685	433,290
Deferred tax		
Deferred income tax	**(4,052)**	(35,654)
Total income tax expense	**US$ 382,633**	US$ 397,636

(1) The difference between the provision for income tax and surtax and the provision for income tax of the year is recorded in the exchange difference gain (loss), net.

Reconciliation of the Effective Tax Rate

The Company's income tax differs from the theoretical amount that would have been obtained by using the tax rate applicable to profit before tax.

Below is a detail of the reconciliation between the accounting profit before taxes and net taxable income, which was the basis to determine the expense on concept of income tax, and surtax:

	Period from			
	January 1 to December 31, 2018		January 1 to December 31, 2017	
	Values	Rates	Values	Rates
Accounting profit before tax	**US$ 1,052,385**		US$ 950,271	
Income tax applying the Company's local tax rate	**389,383**	**37.00%**	380,108	40.00%
Non-taxable revenues	**–**		(606)	(0.06)%
Non-deductible expenses	**1,323**	**0.13%**	4,933	0.52%
Difference between taxable base of income and Surtax	**(11)**	**0.00%**	–	0.00%
CREE taxes	**(2,693)**	**(0.26)%**	(16)	0.00%
Conversion adjustment-income expense	**–**		6	0.00%
Conversion adjustments – dollar functional Currency	**(6,036)**	**(0.57)%**	13,630	1.43%
Differential in rate – deferred tax	**(287)**	**(0.03)%**	3,380	0.36%
Prior years income tax expense	**–**	**0.00%**	(58)	(0.01)%
Hedges	**954**	**0.09%**	(3,741)	(0.39)%
Tax profit before tax	**US$ 382,633**	**36.36%**	US$ 397,636	41.85%

17.1. Income Tax (continued)

Deferred Income Tax

The net movement of deferred taxes during the period is the following:

	December 31, 2018	December 31, 2017
Initial balance	**US$ (82,413)**	US$ (110,214)
Debit to statement of income	**4,052**	35,654
Debit to other comprehensive income (1)	**8,452**	(7,704)
Translation adjustment	**9,137**	(149)
Ending balance	**US$ (60,772)**	US$ (82,413)

(1) Variations in deferred tax balances were recorded in result accounts of the period except for the following items which were recorded in other comprehensive income, as follows:

Hedging	December 31, 2018	December 31, 2017
Deferred asset (liability) – Financial assets (liabilities)	**US$ 8,452**	US$ (7,704)

Below is the detail of deferred tax assets and liabilities is the following:

	December 31, 2018	December 31, 2017
Assets		
Provisions	**US$ 13,060**	US$ 28,676
Accounts payable	**12,991**	–
Intangibles	**22**	175
Hedges	**8,383**	–
Other assets	**–**	491
Deferred tax asset	**US$ 34,456**	US$ 29,342

	December 31, 2018	December 31, 2017
Liabilities		
Property, plant and equipment (1)	**US$ 94,286**	US$ 106,866
Other assets	**942**	3,294
Other liabilities	**–**	1,595
Deferred tax liability	**95,228**	111,755
Net deferred tax	**US$ (60,772)**	US$ (82,413)

(1) For tax purposes, the property, plant and equipment account has a specific useful life. Under accounting and financial information standards accepted in Colombia, the useful life is determined by a technical analysis. This difference results in a different depreciation basis for IFRS and tax purposes.

Assets from deferred tax assets pending offsetting are recognized to the extent that the realization of the respective tax benefit is probable through future tax benefits.

17.2. Other Taxes

	December 31, 2018		December 31, 2017	
Transport tax	**US$**	**4,441**	US$	8,117
Sales tax – VAT payable		**53**		93
Industry and commerce tax		**15**		15
Other taxes short term		**4,509**		8,225
Sales tax - VAT “Plan Vallejo”		**923**		883
Other taxes long term	**US$**	**923**	US$	883

The related transport tax corresponds to the volumes of actual and estimated crude that have been transported in the stated period, plus the amount pending payment to the municipal jurisdictions which upon disposition of the National Planning Department is who orders the payment. The balance is classified as follows:

	December 31, 2018		December 31, 2017	
Estimated transport tax	**US$**	**4,373**	US$	8,052
Accounts payable		**68**		65
	US$	**4,441**	US$	8,117

17.3. Other Aspects

Tax Reform

In 2018, the National Government issued Law 1943, with which certain substantial aspects were modified. The general rate of income tax applicable to national companies, permanent establishments and foreign entities will be: 2019 - 33%, 2020 - 32%, 2021 - 31%, and following 2022 - 30%.

On the other hand, for the years 2019 and 2020, the applicable rate for purposes of calculating the income tax under the presumptive income system will be 1.5% of the taxpayer’s net worth of the immediately preceding year. As of the year 2021, the applicable rate will be 0%.

The sub capitalization rule contained in article 118-1 of the E.T. was modified. Consequently, as of 2019, the sub capitalization rule will only be applicable with respect to interest generated in the acquisition of debts contracted, directly or indirectly, with national or foreign economic related parties. Likewise, the capital - debt ratio was modified to 2: 1 (previously it was 3: 1), which means that not only interest generated on occasion of debts acquired with related parties may be deducted when the average total amount of such debts does not exceed two (2) times the liquid assets of the taxpayer determined on December 31 of the immediately preceding taxable year.

17.3. Other Aspects (continued)

Tax on Dividends

As of January 1, 2019, dividends and participations paid or credited to an account from distributions made among Colombian companies will be subject to withholding tax at the rate of 7.5%. On the other hand, if

the profits from which the dividends are distributed were not subject to taxation at the company level, such dividends are taxed with the income tax applicable in the distribution period (for the year 2019 the rate it will be 33%). In this case, the withholding of 7.5% will apply to the value of the dividend once it has decreased with the income tax (33% for the year 2019).

The withholding rate of 7.5% will be incurred only in the first distribution of dividends among Colombian companies and may be credited against the dividend tax as soon as these are paid by the natural resident shareholder or the investor resident abroad.

It should be noted that the 7.5% withholding does not apply to: (i) Colombian Holding Companies, including decentralized entities; and (ii) entities that are part of a duly registered business group, in accordance with commercial regulations.

Property Tax and Standardization

On the occasion of this Law, a new property tax was created for the years 2019, 2020 and 2021, by natural persons and illiquid successions with residence or without residence in the country, and by foreign companies and entities not reporting income in Colombia and who own assets in Colombia other than shares, accounts receivable, and portfolio investments. Neither will foreign companies or entities that do not declare the income tax and that sign financial leasing contracts with entities resident in Colombia be taxpayers.

A Taxation Normalization Tax was created for the year 2019, as a complementary tax to the income tax and the property tax, in charge of the taxpayers of the income tax who have omitted assets or nonexistent liabilities. This tax will be settled and paid in an independent declaration that will be presented on September 25, 2019, which does not allow correction or extemporaneous presentation. The rate for Taxation Normalization Tax is 13% but it can be reduced by 50% when the taxpayer normalizes assets abroad and invests them with a vocation for permanence in the country.

Sales Tax

Regarding Sales Tax, the list of goods and services excluded from VAT established in Articles 424, 426 and 476 of the Tax Statute was modified. Article 437 of the Tax Statute was added, in relation to guidelines on the fulfillment of formal duties on VAT by service providers from abroad and it was indicated that VAT withholding may be up to 50% of the value of the tax, subject to regulation by the National Government. The VAT rate remains at 19%. (Art. 424, Art. 426, Art. 476 Tax Statute).

17.3. Other Aspects (continued)

Tax Procedure

Regarding the procedure, there are modifications: (i) withholding statements that despite being ineffective will be enforceable tittle, (ii) electronic notification of administrative acts; and (iii) payment of glosses in the statement of objections in order to avoid late interest and use the currencies plus two points; (iv) elimination of extension of the firmness to three (3) additional years for compensation of fiscal losses.

Likewise, an audit benefit was included for the taxable years 2019 and 2020. Under this benefit, the private liquidation of income tax and complementary taxes payers who increase their net income tax by at least a minimum percentage of 30%, in relation to the net income tax of the immediately preceding year, shall be final within six (6) months following the date of presentation if no notice to correct, or special requirement, or special location, or provisional liquidation has been given, and provided that the income tax return is presented in a timely manner and the payment is made within the established deadlines.

However, if the increase in the net income tax is at least 20% in relation to the net income tax of the immediately preceding year, the declaration will be final within twelve (12) months following the presentation of the declaration; if no notice to correct, or special requirement, or special location, or provisional settlement has been notified and the income tax return is presented in a timely manner and the payment is made within the established deadlines.

The above benefit does not apply to: (i) taxpayers who enjoy tax benefits because of their location in a specific geographical area; (ii) when it is shown that withholding taxes declared are non-existent; (iii) when the net income tax is less than 71 UVTs (COP$2,433,170). The term provided in this standard does not extend to withholding tax returns or sales tax, which will be governed by the general rules.

18. Other Liabilities

	December 31, 2018		**December 31, 2017**	
Revenues received in advance, short term	**US$**	**4,751**	US$	6,707
Revenues received in advance, long term		**3,376**		7,722
	US$	**8,127**	US$	14,429

Corresponds to the advance payment upon the capacity reserve of the pipeline, the recoveries of the ship or pay contract of P135 of the revenue received for indemnities and other advances received which are detailed below:

	December 31, 2018		**December 31, 2017**	
BP Products North América	**US$**	**6,514**	US$	10,860
Gunvor Colombia CI S.A.S.		**1,208**		2,398
Perenco Colombia Limited		**–**		631
Others		**405**		540
	US$	**8,127**	US$	14,429

19. Provisions and Contingencies

	Abandonment Costs (19.1)	Litigations (19.2)	Environmental Contingencies (19.3)	Others (Note 19.4)	Total
At December 31, 2016	US$ 21,959	US$ 2,597	US$ –	US$ –	US$ 24,556
Additions	–	(8)	–	50,011	50,003
Update abandonment rate	4,461	–	–	–	4,461
Transfers	–	–	409	–	409
Financial cost (*Note 26*)	1,752	–	–	–	1,752
Difference in currency exchange	95	15	(11)	–	99
At December 31, 2017	US$ 28,267	US$ 2,604	US$ 398	US$ 50,011	US$ 81,280
Update Abandonment Rate	**11,254**	**–**	**–**		**11,254**
Uses				**(50,011)**	**(50,011)**
Additions	**–**	**1,762**	**–**	**1,159**	**2,921**
Transfers	**–**	**569**	**7**	**209**	**785**
Financial cost (*Note 26*)	**1,674**	**–**	**–**	**–**	**1,674**
Difference in currency exchange	**(2,453)**	**(222)**	**(33)**	**–**	**(2,708)**
At December 31, 2018	**US$ 38,742**	**US$ 4,713**	**US$ 372**	**US$ 1,368**	**US$ 45,195**

Currents (19.4)	
At December 31, 2017	$ 50,011
At December 31, 2018	**$ 1,368**
Not currents (19,1 al 19,3)	
At December 31, 2017	$ 31,269
At December 31, 2018	**$ 43,827**

19.1. Abandonment Costs and Dismantlement of Assets

The estimated liability for abandonment costs corresponds to the future obligation of the Company to restore the environmental conditions in a similar manner to those existing before the initiation of the projects or activities. Since these are long-term obligations, this liability is estimated by projecting the expected future cash flows and discounting at present value with a rate referenced to the financial obligations of the parent, Ecopetrol S.A. The business group changed the methodology of the rate calculation passing from a nominal calculation to an actual calculation.

The discount rate used in the obligation estimation at December 31, 2018 was of (3.88%), (December 2017 nominal discount rate 7,4%), as at December 31, 2018 obligation for dismantling amounts to US$38,742, at December 31, 2017 to US$28,267.The slight increase in the rate is due to the increases in the interest rate made by the FED, which generate systematic impacts on the market, and affect the rates of the debt bonds of the head office.

19.2. Litigation

As at December 31, 2018, Ocensa participates in several legal processes of low materiality related with the normal course of operations, and that involve: 1) contractual obligations' lawsuits; 2) lawsuits for supposed environmental damages; 3) indemnity lawsuits for damages to real estate and communities; 4) tax obligations' claims; and 5) various civil claims.

19.2. Litigation (continued)

The Company believes that appropriate provisions have been made in those cases where it is considered that there is a probable contingent or true obligation, for the amount estimated necessary to face the related risks. Likewise, the Company believes that these matters will be resolved without significantly affecting the business, its financial position or its results of operations.

Additionally, concerning certain legal procedures in progress, Ocensa sometimes may determine and disclose reasonable estimates of the expected loss or of the rank of possible loss, as well as, disclose any provision created for such loss. However, for a limited number of legal procedures in process, the Company could not be in the possibility of making a better estimate of the expected loss or of the possible loss rank, or could be in the possibility but it is considered that disclosing such information on a basis of case-by-case would seriously damage the Company's position in the legal procedures in process or in any related liquidation negotiation. Therefore, in these cases, the Company discloses qualitative information in respect of the nature and characteristics of the contingency, without including the loss estimate or the rank of the possible loss.

Claims

Detailed below are the main litigations recognized in the statement of financial position and that could generate an outflow of resources:

- Payment claim of presumed damages caused by the attack to the Cupiagaua-Cusiana-Coveñas pipeline by the National Liberation Army in Vereda Fraguas, Machuca Township, Municipal Jurisdiction of Segovia Antioquia; its accrued value as at December 31, 2018 amounts to US $2,896, sum that corresponds to the value of the judgment of cassation uttered by the Supreme Court of Justice on December 18, 2018. Ocensa filed an annulment incident and a request for clarification and complementation of the judgment on January 22, 2019.Annulment of Resolution 431 of 2009 hereby the Ministry of the environment, housing and Territorial Development (hereinafter, MAVDT) amended Resolution 952 (pipeline environmental license), including the obligation of 1%. The appeal against the first instance sentence was admitted by the Council of State on October 15, 2014. On September 29, 2017 the Company filed second-instance conclusion allegations.

- Nullity of writs 155 and 1981 of 2010 whereby MAVDT rejected the Additional Investment Plan executed for the benefit of hydrographic basins of the pipeline influence area in the Cupiagua-Cusiana (Interfiled) section. On January 16, 2015, the Company filed with the Council of State the second instance conclusion pleadings against the first-instance sentence.

Annulment of Proceedings 2913 and 4034 of 2011 whereby MAVDT rejected certain works, activities and projects executed for the benefit of the basis of the pipeline influence area. Ocensa filed an appeal against the sentence partially favorable of the first instance issued on January 23, 2015, which was admitted by the Council of State on March 5, 2015. The value accrued as at December 31, 2018 amounts to US$1,817.

19.3. Environmental Contingencies

This heading corresponds mainly to environmental compensation obligations for the use or affectation of natural resources in the framework of environmental authorizations and the forced investment of no less than 1% for the use of water taken directly from natural sources as established by the Law 99 of 1993, paragraph 43, related with project P-135.

19.3. Environmental Contingencies (continued)

On December 22, 2016, the Ministry of Environment and Sustainable Development issued the Decree 2099 whereby it amends the Single Regulatory Decree of the environment and sustainable development sector, Decree 1076 of 2015 related with the forced investment of no less than 1% for the water taken directly from natural sources, and Decree 1120 of June 29, 2017 which amended numerals 3 and 4 of article 2.2.9.3.1.17 of Decree 1076 of 2015.

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The Company has currently approved the investment plan of no less than 1% for the record 318 within which is P-135. This approval was made by means of Resolution 00834 of June 5, 2018, and record 1226 of Interfiled, by means of resolution 620 of April 30, 2018 in respect of which the remedy of appeal was filed.

19.4. Others

As of December 31, 2017, Ocensa had a recognized provision to cover a probable loss for the results that could derive from the arbitration process initiated by Meta Petroleum and Petrominerales (today Frontera Energy Colombian Corp., Colombia Branch). This arbitration process ended on July 12, 2018 as a result of the approval by the Arbitral Tribunal of the conciliatory agreement reached by the parties, by virtue of which the standard transportation rate and monetary conditions of the transportation contracts signed on July 29 of 2014 were revised in support of the expanded capacity resulting from Project P135, and extending its effects from July 1, 2017 (Effective date of transportation contracts). On the same date, July 12, 2018, the parties subscribed the corresponding amendment to the current transportation contracts, reflecting the modifications contained in the approved conciliatory agreement.

Likewise, a transaction agreement and the respective amendment to the transport contracts were signed with those senders of Project P135 who accepted the binding offer extended by Ocensa in response to the principles of Resolution No.72146 of 2014, in equal or equivalent terms to those contained in the conciliatory agreement and amendments with Frontera. In relation to the arbitration process convened by Vitol Colombia C.I. SAS, the parties requested by mutual agreement to the Arbitral Tribunal to cease its functions as a result of the settlement agreement reached on July 23, 2018. This request was accepted by the Court at the hearing of August 8, 2018, ending the arbitration process.

The undersigned settlement and transaction agreements established the senders' obligation to cease their ongoing administrative or judicial actions and to refrain from promoting new claims in the future.

As a result, Ocensa reconciled and adjusted the accounts receivable and payable that were held between the parties and the credit notes were issued to reflect the balances in favor of the senders. This recognition in the financial statements generated a movement of the provision and its corresponding effect on other operating income of US$50,011, in addition to the decrease in income from ordinary activities as of December 31th, 2018 because of the issued credit notes.

19.5. Contingent Liabilities

The Company has unrecorded contingent liabilities in the Statement of Financial Position upon considering that their probability of occurrence is eventual. Those contingencies derive mainly from legal processes related with labor claims to the Company's contractors, lawsuits for the repair of damages caused during the Pipeline construction.

19.5. Contingent Liabilities (continued)

On June 2016, Massy Energy Colombia S.A.S. called an arbitration court to resolve the differences that arose with the Company regarding the liquidation of Contract No. 3801903 which purpose was engineering, purchases and construction of changes to pumping systems of the pipeline, in the Delta 35 project. Claims amount to US$$3,996 and comprise higher amounts of the contract. Although the parties arrived at a preliminary conciliation agreement, the Controller's Office and the Court did not approve it and the process continued. Currently, it is in the practice of tests stage.

19.6. Contingent Assets

Below is a detail of contingent assets, which entry of economic benefits to the Company is probable, but not practically certain.

The Company seeks the payment of the difference between the Cusiana crude value purchased by Ocensa from Equion Energía Limited and Santiago Oil Company to conform the pipeline filling line between 1996 and 1997, and the quality of the oil currently found in the Pipeline. The various claims of the lawsuit are addressed to the restitution of that negative balance under different approaches which vary both in their nature (in kind or money), as their reference price (price at September 2014 or the award date). The Company considers that the contingent asset that would arise from this process would correspond to the difference between the value pretended in the lawsuit and the value of the crude currently found inside the pipeline.

The Company filed a nullity action and reestablishment against the decision of the Superintendence of Ports of denying the request of returning the excess in the payment of the oversight rate paid in 2001. Ocensa calculated the amount of the devolution at COP$2,816 million and considers that it applies in accordance with the Resolution 0457 of 2001 issued by the same Superintendence.

20. Equity

20.1. Subscribed and Paid-in Capital

Authorized capital is of 5,793,456 shares at a par value of COP$30,104.5434483 each; subscribed and paid-in 5,159,000, and subscribed and paid in capital being US$81,714.

For 2018, the gain per share was US$129.82 (2017 amounts to 107.12), which is taken from the net profit of the year from continued operations on the number of shares, because there were distributions of dividends during the period, so this value represents the profit of the year, but not necessarily the value to be distributed, given the dividends decreed during the year

20.2. Equity Reserves

	December 31, 2018		December 31, 2017	
Legal reserve	**US$**	**7,736**	US$	7,736
Legal reserve 10% non-taxed		**33,122**		33,122
	US$	**40,858**	US$	40,858

20.2. Equity Reserves (continued)

Legal Reserve

The Colombian Code of Commerce establishes that it is mandatory to appropriate 10% of its net annual profits as a legal reserve until the balance thereof is equivalent to 50% of subscribed capital. This reserve may be used to offset losses or distribute them in the event of Company's liquidation.

20.3. Payment of Dividends

Below is the detail of distributed dividends:

	Decreed		paid out (1)	
March 10, 2017 – profits from October 1 to December 31, 2016	US$	120,337	US$	120,337
September 7, 2017 – profits from January a to June 30, 2017		260,984		260,521
	US$	381,321	US$	380,858
March 12, 2018 – profits from July 1 to December 31, 2017	US$	291,651	US$	291,134
September 13, 2018 – profits from January 1 to June 30, 2018		**313,929**		**313,372**
	US$	**605,580**	**US$**	**604,506**

(1) Corresponds to the declared value less the taxes withheld.

20.4. Other Comprehensive Income

Includes the effects of the effective portion of cash flow hedging instruments, recognizing the effective portion of other integral results. The change in the fair value of the hedging instrument, which has been recognized in other integral results, will be reclassified to results when the hedged item affects results.

The Company seeks, through this hedging policy, to stabilize cash flows and mitigate the economic effects that may arise from fluctuations in market variables, in other words, the peso/dollar exchange rate. The Company, established as a policy for recognition in other comprehensive income, evaluates the effectiveness of the hedge by reviewing that the hedged values do not exceed the exposure.

The methodology used to measure the effectiveness of the hedge is under the Value at Risk (VaR) methodology using the operating cash flow as an indicator.

This measurement is carried out by the use of Monte Carlo simulations, but other commonly accepted methodologies may be considered, which should allow:

(1) Present the potential variations in the exchange rate pesos/dollars (COP/US$).
(2) Measure the impact of these movements on the Company's cash flow.
(3) Measure the impact of these movements on the Company's EBITDA (and/or net income if appropriate)..

20.4. Other Comprehensive Income (continued)

The specific model to measure risks and their critical variables, as well as their amounts, will be evaluated monthly at the Audit and Financial Committee. When the hedge is no longer effective, the hedge accounting will cease.

Additionally, in the other comprehensive income there is an adjustment in conversion generated by the application of the methodology for the calculation and recognition of the deferred tax; which is calculated in pesos but registered in dollars.

	December 31, 2018	December 31, 2017
Cash hedges	**US$ (19,918)**	US$ 5,084
Deferred tax	**6,571**	(1,881)
Deferred tax translation adjustment	**90,313**	81,176
	US$ 76,966	US$ 84,379

21. Revenues from Ordinary Activities

	Period from January 1 to December 31, 2018	January 1 to December 31, 2017
Hydrocarbons transportation service (1)	**US$ 1,365,046**	US$ 1,292,149
Other revenues (2)	**25,373**	21,192
Unloading service (3)	**10,241**	11,452
	US$ 1,400,660	US$ 1,324,793

(1) Oil transport from Cupiagua, until the exportation by TLU–2 at the Coveñas terminal; the transportation service is billed by the barrels transported at each section of the pipeline at the rate set by the Ministry of Mines and Energy for each one and for the Coveñas terminal, the authorized tariff set by the Superintendence of Ports and Transport. The barrels the average crude transported were 637 KBPD for the 2018 and of 581 KBPD for the 2017.

(2) It corresponds to port services, dilution service, administrative and maintenance services. The increase for the year 2018 is due to revenues derived from construction services related to the port concession contract made with the ANI - National Infrastructure Agency for US $ 5,963 which in 2017 were not presented.

(3) It corresponds to the discharge of oil or diluent in the unloading facilities located at the Cusiana station. This service is billed for the barrels nominated by the clients at the contract rate. The decrease in unloading service revenues for the year 2018 compared to the year 2017 year was produced by the approval of new monetary conditions from July 2018, passing from a rate in the first half of 0.50 US$ / BL to 0.45 US$ / Bl.

Revenues generated as a result of crude transportation activities are obtained by the following clients:

21. Revenues from Ordinary Activities (continued)

	Period from December 31, 2018	December 31, 2017
Ecopetrol S.A.	**US$ 1,054,049**	US$ 1,019,329
Frontera Energy Colombia Corp.	**128,112**	125,705
Others minors	**218,499**	179,759
	US$ 1,400,660	US$ 1,324,793

The percentage of participation of related parties corresponds to approximately 76.45% in 2018 and 77.35% for 2017.

22. Cost of Sales

	Period from December 31, 2018	December 31, 2017
Variable costs		
Fuels and lubricants	**US$ 31,049**	US$ 22,460
Friction reducer	**27,276**	16,790
Gas	**25,852**	25,530
Electric power	**7,665**	6,908
	US$ 91,842	US$ 71,688
Fixed costs		
Depreciation (*Note 13*)	**US$ 102,019**	US$ 93,247
Operation and maintenance (1)	**88,444**	80,670
Labor costs	**6,791**	5,700
Materials	**6,262**	8,886
Amortization concession (*Note 14*)	**722**	226
Amortization gas transportation agreement (*Note 14*)	**260**	–
Taxes	**257**	258
	US$ 204,755	US$ 188,987
	US$ 296,597	US$ 260,675

(1) The variation corresponds to recognition of expenditures of the port concession and emergencies presented during the second semester.

23. Operation and Projects Expenses

	Period from December 31, 2018	December 31, 2017
Fees and services (1)	**US$ 10,741**	US$ 8,960
Miscellaneous	**1,926**	2,143

23. Operation and Projects Expenses (continued)

		Period from December 31, 2018		December 31, 2017
Insurance		**1,535**		1,693
Leases		**1,358**		1,388
Maintenance		**1,236**		1,521
	US$	**16,796**	US$	15,705

(1) The increase corresponds mainly to the recognition of legal fees as a result of the completion of proceedings in arbitration courts.

24. Administration Expenses

		Period from December 31, 2018		December 31, 2017
Labor expenses	**US$**	**18,509**	US$	16,323
Taxes		**3,392**		4,890
Depreciation (*Note 13*)		**1,614**		1,907
Amortization (*Note 14*)		**158**		591
	US$	**23,673**	US$	23,711

25. Other Operating (Expense) Income, Net

		Period from December 31, 2018		December 31, 2017
Operative provisions (*Note 19.4-19.2*)	**US$**	**(2,921)**	US$	(50,011)
Indemnities due to contracts (1)		**–**		15,763
Loss on retirement of assets		**(1,606)**		(5,539)
Impairment for receivables (*Note 8*)		**–**		(215)
Impairment losses (*Note 12 and 13*)		**–**		(3,527)
Loss on sale of assets held for sale		**(139)**		(791)
Others		**2,166**		2,152
	US$	**(2,500)**	US$	(42,168)

(1) Indemnity received from the contract signed with Total E&P Colombie Colombia Branch, for the payment of the negative balance of the filling line corresponding to 442,330 Bls of a volume of 3,057,642 barrels.

26. Financial Result, Net

	Period from			
	December 31, 2018		December 31, 2017	
Costs yields and interest, net	**US$**	**(15,201)**	US$	(18,088)
Financial expense abandonment (Nota 19)		**(1,674)**		(1,752)
Financial costs		**(429)**		(402)
Monetization		**83**		679
Other financial incomes (expenses)		**(414)**		(2,217)
Exchange difference gain (loss), net		**8,926**		(10,483)
	US$	**(8,709)**	US$	(32,263)

27. Risk Management

Because of its financial structure, the Company is directly exposed to exchange, interest rate credit and liquidity risks as shown below:

27.1. Exchange Rate Risk

Foreign exchange risk management is at the principle that the peso/dollar exchange rate undergoes highly volatile and unpredictable changes. In this sense, the objective of the hedging strategies defined by the Company is to mitigate movements in these variables by using derivative instruments acquired in financial markets.

Exchange rate risk refers to the economic effects resulting from fluctuations in exchange rates to which the Company is exposed.

In the case of Oleoducto Central S.A., most of the income from services provided is settled and collected in US dollars, while, as a Company operating in Colombia, some of its expenses and all of its tax obligations are they pay in Colombian pesos. For this reason, the Company's cash flows are exposed to fluctuations in the Colombian pesos/U.S. dollar exchange rate.

For this purpose, Ocensa uses hedging operations by contracting derivative instruments, mainly forwards, whose purpose is to mitigate the movement effects of the peso/dollar exchange rate are incurred against the budget of expenditure in pesos and of tax obligations with a horizon of not more than one year.

At the December 31, 2018, cutoff, the notional of the current hedge portfolio of exchange rate was of US$332,437.(at December 31, 2017 – US$ 324,687)

This represents an decrease of 2.38% of the notional/hypothetical of the portfolio which amount at December 31, 2017 was of US$324,687; such change is explained mainly by the hedge of 2019 of tax flows.

The Colombian peso/United States dollar exchange rate was revalued 8,91% from December 31, 2018, reflecting an exchange rate of COP3,249.75 per US$1 in respect to the rate recorded at December 31, 2017, of COP2,984.00 per US$1.

27.1. Exchange Rate Risk (continued)

Below is the effect that a 1% and 5% variation would have in the exchange rate of Colombian pesos vs. US dollars, related to the exposure of financial assets and liabilities in foreign currency at December 31, 2018 and 2017.

Scenario/ Variation in the TRM	Effect on Results Before Taxes (+/–)			
	December 31, 2018		December 31, 2017	
1%	**US$**	**1,738**	US$	2,154
5%	**US$**	**8,360**	US$	10,361

For the calculation of the effect on results before taxes, the rate of the December 31, 2018, equivalent to COP$3,249.75 per US$1. (December 31, 2017, COP$2,984.00 per US$1)

The sensitivity analysis only includes monetary assets and liabilities in foreign currency at the close date, as shown below, in COP million:

	December 31, 2018		December 31, 2017	
Cash and cash equivalents	**COP$**	**39,944**	COP$	41,451
Trade accounts receivable and other accounts receivable		**42,994**		52,199
Other assets		**2,351**		4,800
Active position		**85,289**		98,450
Debt and loans bearing interest		**–**		(592)
Trade accounts and other accounts payable		**(166,166)**		(161,844)
Tax liabilities		**(341,474)**		(509,321)
Provisions		**(146,870)**		(93,308)
Deferred revenues		**(1,263)**		(1,382)
Passive position		**(655,773)**		(766,447)
Net passive position	**COP$**	**(570,484)**	COP$	(667,997)

27.2. Credit Risk

Credit risk is the risk that the Company acquires as a result of unfulfillment with the obligations of clients, financial institutions with which investments are made or counterparties with which instruments are contracted derivatives.

Oleoducto Central S.A. constantly monitors the credit ratings issued by risk rating companies for financial institutions with which investments are made or derivative instruments are traded, in order to ensure that these companies meet the minimum rating defined by the Company.

27.2. Credit Risk (continued)

For the portfolio that is considered impaired, an individual analysis is carried out that allows to see the situation of each client and thus define the provisions to that place. The Company carries out the administrative and legal actions necessary to recover the due accounts receivable, as well as the recognition of interest of clients that do not comply with the payment policies.

27.3. Liquidity Risk

The National Planning Department, as evidenced in its official letter number SC-20134380757471 of October 15, 2013, issued a favorable opinion for the Company to enter into public credit operations upon the international issue of a bond in United States dollars for up to US$1,000,000, with 100% of possibility to reopen the rest of the amount in order to finance Capex needs of new projects.

Based on this favorable opinion, by means of Resolution number 4254 of December 12, 2013, the Ministry of Finance and Public Credit authorized the Company to negotiate the issue and placement of bonds in the international capital market for up to one thousand million United States dollars (US$1,000,000) in order to finance investment needs of future expansion projects.

By means of Resolution 1369 of April 29, 2014, the Ministry of Finance and Public Credit authorized the Company to subscribe, issue and place External Public Debt Bonds, under Rule 144 A / S Registration of the United States of America Securities Act, in international capital markets for up to US$500,000 in order to finance the needs of investment of future expansion projects (Potency 135 and Warming). This provides the Company with the possibility to reopen the rest of the amount, given that Company’s financing needs require them and that capital market conditions are favorable.

The liquidity risk is managed as of the application of the Merton Miller and Daniel Orr model, which is an induction model of random generation for daily changes in the cash balance, in order to establish the minimum cash levels required to take care of the organization liquidity requirements, including its debt service commitments.

The main purpose of the internal procedures is to guarantee enough liquidity levels to comply with the Company’s financial commitments within its timetable of maturities, as well as the main instruments for their measurement and follow-up. Such instruments are: Weekly report of the treasury command bulletin board, monthly cash flow, and analysis of the annual mobile average of the cash flow foresight.

The Company has a policy to manage liquidity surpluses. Such policy provides criteria, guidelines and directives for the efficient and safe administration of liquidity surpluses, and establishes limits of exposure per counterparty. At present, the counterparty limit of risk exposure is limited to the higher of the following parameters: A maximum amount of US$150 million by the counterparty, or if the cash balance falls below such amount, it should be divided at least into three counterparties that meet the minimum rating permitted. In the event issuer and issue limits established herein are exceeded, the portfolio administrator will have 45 calendar days to take the measures necessary to adjust to such limits.

The credit quality of issuers, assets and counterparties of operations are as follows:

Minimum permitted rating:

27.3. Liquidity Risk (continued)

Foreign Financial Entities

Rating Entity	Short-Term Rating	Long-Term Rating
Standard & Poor's	A-1	A+
Moody's Investors Service	P-1	A1
Fitch Ratings	F-1	A+

Local Financial Entities

Rating Entity	Short-Term Rating	Long-Term Rating
Fitch Ratings	F1+	AAA
BRC Investor Services	BRC 1+	AAA

The Company has a surplus liquidity management policy which provides criteria and guidelines for the efficient and safe administration of surplus liquidity, and establishes exposure limits by counterparty. Currently, the counterparty risk exposure limit will be limited to the greater of the following parameters, a maximum amount of US$ 150 million per counterparty, or if the cash balance is below this amount, it should be divided at least into three counterparts that meet the minimum qualification allowed. In the event that the issuer and issuance limits here established are exceeded, the portfolio manager has 45 calendar days to carry out the necessary measures to comply with said limits.

The credit quality of issuers, assets and counterparties of operations are as follows:

27.4. Interest Rate Risk

Oleoducto Central S.A. issued a bond in the international market at a notional amount of US$500 million in 2014. A defined fixed interest rate of 4% was used in such issue; therefore, there is no risk of interest rate.

27.5. Capital Management

The main objective of the Company's capital management is to ensure a financial structure that optimizes the cost of capital, maximizes the yield of its shareholders, and allow access to financial markets at a competitive cost in order to cover its financing needs.

Below is the indebtedness ratio of periods reported:

		December 31, 2018		December 31, 2017
Cash and cash equivalents *(Note 7)*	**US$**	**239,422**	US$	236,356
Loans *(Note 15)*		**(500,979)**		(500,399)
Net financial debt	**US$**	**(261,557)**	US$	(264,043)

27.5. Capital Management (continued)

	December 31, 2018	December 31, 2017
Equity	**US$ 1,191,973**	US$ 1,135,214
Leverage (1)	**17,99%**	18,87%

(1) Net Financial Debt / (Net Financial Debt + Equity)

Oleoducto Central S. A.

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28. Related Parties

The main transactions between related parties during the periods indicated are detailed below:

	2018					
	Hydrocarbon Transportation	**Unloading Service**	**Dilution Service**	**Administrative Services**	**Operation and Maintenance Services**	**Purc Produ Ser**
Ecopetrol S.A.	**US$1,048,934**	**US$ 3,544**	**US$ 1,571**	**US$ –**	**US$ –**	**US$**
Cenit Transporte y Logística de Hidrocarburos S.A.S.	**–**	**–**	**–**	**64**	**–**	
Hocol S.A.	**10,847**	–	–	–	–	
Oleoducto de Colombia S.A.	**–**	**–**	**–**	**40**	**59**	
Oleoducto de Los Llanos Orientales	**–**	**–**	**4,142**	**22**	**317**	
Oleoducto Bicentenario de Colombia S.A.S.	**–**	**–**	**–**	**32**	**1,235**	
	US$1,059,781	**US$ 3,544**	**US$ 5,713**	**US$ 158**	**US$ 1,611**	**US$**

	2017					
	Hydrocarbon Transportation	**Unloading Service**	**Dilution Service**	**Administrative Services**	**Operation and Maintenance Services**	**Purc Produ Ser**
Ecopetrol S.A.	US$1,015,994	US$ 2,466	US$ 949	US$ –	US$ –	US$
Cenit Transporte y Logística de Hidrocarburos S.A.S.	–	–	–	330	–	
Hocol S.A.	58	–	–	–	–	
Oleoducto de Colombia S.A.	–	–	–	76	–	
Oleoducto de Los Llanos Orientales	–	–	3,273	–	330	
Oleoducto Bicentenario de Colombia S.A.S.	–	–	–	–	1,241	
	US$1,016,052	US$ 2,466	US$ 4,222	US$ 406	US$ 1,571	US$

28. Related Parties (continued)

The most representative balances with related entities at December 31, 2018 and 2017, are included in accounts receivable and accounts payable, as follows:

		December 31, 2018		December 31, 2017
Accounts receivable				
Ecopetrol S.A.	**US$**	**134,364**	US$	145,578
Hocol S.A.		**2,267**		203
Oleoducto Bicentenario de Colombia S.A.S.		**1,302**		698
Oleoducto de Los Llanos Orientales S.A.		**1,143**		1,443
Oleoducto de Colombia S.A.		**300**		455
Cenit Transporte y Logística de Hidrocarburos S.A.S.		**158**		972
	US$	**139,534**	US$	149,349
Accounts payable				
Ecopetrol S.A.	**US$**	**4,318**	US$	4,927
Oleoducto Bicentenario de Colombia S.A.S.		**571**		321
Oleoducto de Colombia S.A.		**142**		120
Cenit Transporte y Logística de Hidrocarburos S.A.S.		**96**		422
	US$	**5,127**	US$	5,790

Outstanding amounts are not guaranteed and will be settled in cash. No guarantees have been granted or received. No expense has been recognized in the current period or in prior periods concerning uncollectable or bad debts related to amounts due by related parties.

Trade purchases and sales transactions of goods and services, concerning the development of the Company's corporate purpose, with related parties are made under general market prices and conditions.

29. Compensation to Directors

Directors' fees for attendance to the meetings of the Board of Directors and/or the Audit Committee amount to approximately to 2018 to US$146 and to US$146 to 2017.

The total compensation paid to directors, executive officials and top directors for salary and other compensations during the 2018 amounted to US$2,350 (2017 for US$2,207).

30. Subsequent Events

There have been no subsequent events affecting the figures in the financial statements as of December 31, 2018.

The arbitration tribunal convened by Ocensa against Equion Energía Limited and Santiago Oil Company, in relation to negative balances that such companies record in the volumetric balances, on February 18, 2019 the Tribunal issued the arbitration award in which it declared, among others, that (i) Equion and Santiago are obliged to return to Ocensa the full line, (ii) Equion and Santiago breached in bad faith the transportation contracts by not knowing of the existence of the negative balance and refusing to return it and (iii) Equion and Santiago must pay Ocensa US$76,166 (US$50,788 principal plus US$24,769 interest and legal costs of US$609 by March 29, 2019). On March 26, 2019 Ocensa received payment from Equion and Santiago and recognized income as of March 31, 2019.

30. Subsequent Events (continued)

At the beginning of February 2020, a change in the company's shareholding composition took place. AI Candelaria Luxembourg SARL one-share participation was changed to ISQ Booster Acquisitions SARL.

As of today, due to the conjuncture of the COVID-19 it has not generated any impacts on the Financial Statements as of December 31, 2018. However, as a result of the COVID-19 pandemic and measures put in place to slow its spread, including the imposition of quarantines and medical screenings, travel restrictions and the suspension of many economic activities, we expect to continue a substantial uncertainty in macroeconomic conditions regarding crude prices, crude oil production, and demand of related products.

The principal effect has been in a significant drop in the Brent crude oil price, with Brent crude reaching a low of US$22.70/bbl on March 31, 2020. This drop has affected exploration and production ("E&P"), companies, such as our main customer, Ecopetrol, that operate in the areas we serve. Many of them, including Ecopetrol, have had to cut production in order to protect the cash flow and profitability of their operations. Likewise, the companies believe the current tariffs are a non-manageable cost that may represent up to 45% of a producer's total costs of operations, which may pressure these companies to lower production and renegotiate transport tariffs given low oil prices as well as the effects of the COVID-19 pandemic.

In response to the situation, Ocensa is working on the following actions:

- Efficiency plan which focuses on savings in expenses and on capital investments
- The volume discounts were removed, and the temporary payment agreements were modified to instead permit shippers to defer up to the 50% of their agreed tariff payment for an initial period of six months.

This six-month deferral consists of a grace period, following which period customers' tariff deferral may be extended for up to an additional four months, subject to an interest charge. We are also evaluating temporary changes on our current transportation agreements on a case-by-case basis, including by approving temporary downward adjustments to the contracted volume of certain of our customers.

At this time, we cannot forecast the duration of the effects of COVID-19 on our business. In addition, while the price of crude oil has been increasing since the recent Brent price of U.S.$22.70 per barrel on March 31, 2020 and we would expect crude oil production to follow that trend, The future business results and expectations will be affected by the extent and duration of these conditions and the effectiveness of responsive actions taken.

Furthermore, the Company will be monitoring the impairment indicators of long-term assets, performing quantitative analyses when it is necessary to do so.

ISSUER

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4.000% Notes due 2027

Joint Book-Running Managers

BofA Securities **Citigroup**