

3.0 GAS MASSIFICATION

Currently Colombia's gas distribution system is limited to the northern coast. Here, Guajira gas is delivered to the coastal cities of Santa Marta, Barranquilla, Cartagena and some of the surrounding areas for domestic and industrial customers. In addition, small quantities of gas are delivered to Bogota from the Llanos area. Ecopetrol is responsible for gas delivery to the city gate where it is purchased by local distribution companies.

Colombia would like to increase gas consumption in by both domestic and industrial users. To achieve this goal a series of pipelines are planned. Presently, bids have been received for the construction of a gas pipeline which will run from Guajira to the Barrancabermeja refinery complex and serve both domestic and industrial customers. Tentatively, ENRON is the successful bidder for this project. This decision, however, has yet to be confirmed. Trans Canada Pipelines was a bidder for this pipeline. A second leg of this pipeline is planned from Barrancabermeja to Vasconia in the upper Magdalena area. From there, branch lines will be run to Bogota, Cali and Medellin. Canadian companies are expected to bid on the branch lines system. Other opportunities may be available in the sale of meters and other associated equipment at the user end of the system.

Due to lack of funds, these pipelines will probably be built with private funds under a build, operate, maintain and transfer type of contract (BOMT). Under this arrangement, Ecopetrol is charged for usage of the pipeline at an agreed to rate. Eventually, however, the pipelines will revert back to Ecopetrol.