UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number 001-34018

GRAN TIERRA ENERGY INC.

(Exact name of registrant as specified in its charter)

Nevada	**98-0479924**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)
300, 625 11 Avenue S.W. Calgary, Alberta, Canada (Address of principal executive offices)	T2R 0E1 (Zip code)

(403) 265-3221
(Registrant's telephone number,
including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒	Accelerated Filer ☐
Non-Accelerated Filer ☐	(do not check if a smaller reporting company) Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ☐ NO ☒

On May 1, 2012, the following numbers of shares of the registrant's capital stock were outstanding: 266,474,815 shares of the registrant's Common Stock, $0.001 par value; one share of Special A Voting Stock, $0.001 par value, representing 6,223,810 shares of Gran Tierra Goldstrike Inc., which are exchangeable on a 1-for-1 basis into the registrant's Common Stock; and one share of Special B Voting Stock, $0.001 par value, representing 8,188,780 shares of Gran Tierra Exchangeco Inc., which are exchangeable on a 1-for-1 basis into the registrant's Common Stock.

Gran Tierra Energy Inc.

Quarterly Report on Form 10-Q

Three Months Ended March 31, 2012

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STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, particularly in Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations," includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the Securities Act) and Section 21E of the Securities Exchange Act of 1934 (the Exchange Act). All statements other than statements of historical facts included in this Quarterly Report on Form 10-Q, including without limitation statements in the Management's Discussion and Analysis of Financial Condition and Results of Operations, regarding our financial position, estimated quantities and net present values of reserves, business strategy, plans and objectives of our management for future operations, covenant compliance, capital spending plans and those statements preceded by, followed by or that otherwise include the words "believe", "expect", "anticipate", "intend", "estimate", "project", "target", "goal", "plan", "objective", "should", or similar expressions or variations on these expressions are forward-looking statements. We can give no assurances that the assumptions upon which the forward-looking statements are based will prove to be correct or that even if correct, intervening circumstances will not occur to cause actual results to be different than expected. Because forward-looking statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. There are a number of risks, uncertainties and other important factors that could cause our actual results to differ materially from the forward-looking statements, including, but not limited to, those set out in Part II, Item 1A "Risk Factors" in this Quarterly Report on Form 10-Q. The information included herein is given as of the filing date of this Form 10-Q with the Securities and Exchange Commission ("SEC") and, except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained in this Quarterly Report on Form 10-Q to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based.

GLOSSARY OF OIL AND GAS TERMS

In this document, the abbreviations set forth below have the following meanings:

bbl	barrel	BOPD	barrels of oil per day
Mbbl	thousand barrels	Mcf	thousand cubic feet
MMbbl	million barrels	MMcf	million cubic feet
BOE	barrels of oil equivalent	Bcf	billion cubic feet
MMBOE	million barrels of oil equivalent	NGL	natural gas liquids
BOEPD	barrels of oil equivalent per day	NAR	net after royalty

In the discussion that follows we discuss our interests in wells and/or acres in gross and net terms. Gross oil and natural gas wells or acres refer to the total number of wells or acres in which we own a working interest. Net oil and natural gas wells or acres are determined by multiplying gross wells or acres by the working interest that we own in such wells or acres. Working interest refers to the interest we own in a property, which entitles us to receive a specified percentage of the proceeds of the sale of oil and natural gas, and also requires us to bear a specified percentage of the cost to explore for, develop and produce that oil and natural gas. A working interest owner that owns a portion of the working interest may participate either as operator, or by voting its percentage interest to approve or disapprove the appointment of an operator, in drilling and other major activities in connection with the development of a property.

We also refer to royalties and farm-in or farm-out transactions. Royalties are paid to governments on the production of oil and gas, either in kind or in cash. Royalties also include overriding royalties paid to third parties. Our reserves, production volumes and sales are reported net after deduction of royalties. Production volumes are also reported net of inventory adjustments. Farm-in or farm-out transactions refer to transactions in which a portion of a working interest is sold by an owner of an oil and gas property. The transaction is labeled a farm-in by the purchaser of the working interest and a farm-out by the seller of the working interest. Payment in a farm-in or farm-out transaction can be in cash or in kind by committing to perform and/or pay for certain work obligations.

In the petroleum industry, geologic settings with proven petroleum source rocks, migration pathways, reservoir rocks and traps are referred to as petroleum systems.

Several items that relate to oil and gas operations, including aeromagnetic and aerogravity surveys, seismic operations and several kinds of drilling and other well operations, are also discussed in this document.

Aeromagnetic and aerogravity surveys are a remote sensing process by which data is gathered about the subsurface of the earth. An airplane is equipped with extremely sensitive instruments that measure changes in the earth's gravitational and magnetic field. Variations as small as 1/1,000th in the gravitational and magnetic field strength and direction can indicate structural changes below the ground surface. These structural changes may influence the trapping of hydrocarbons. These surveys are an inexpensive way of gathering data over large regions.

Seismic data is used by oil and natural gas companies as their principal source of information to locate oil and natural gas deposits, both for exploration for new deposits and to manage or enhance production from known reservoirs. To gather seismic data, an energy source is used to send sound waves into the subsurface strata. These waves are reflected back to the surface by underground formations, where they are detected by geophones which digitize and record the reflected waves. Computer software applications are then used to process the raw data to develop an image of underground formations. 2-D seismic is the standard acquisition technique used to image geologic formations over a broad area. 2-D seismic data is collected by a single line of energy sources which reflect seismic waves to a single line of geophones. When processed, 2-D seismic data produces an image of a single vertical plane of sub-surface data. 3-D seismic data is collected using a grid of energy sources, which are generally spread over several square miles. A 3-D seismic survey produces a three dimensional image of the subsurface geology by collecting seismic data along parallel lines and creating a cube of information that can be divided into various planes, thus improving visualization. Consequently, 3-D seismic data is generally considered a more reliable indicator of potential oil and natural gas reservoirs in the area evaluated.

Wells drilled are classified as exploration, development or stratigraphic. An exploration well is a well drilled in search of a previously undiscovered hydrocarbon-bearing reservoir. A development well is a well drilled to develop a hydrocarbon-bearing reservoir that is already discovered. Exploration and development wells are tested during and after the drilling process to determine if they have oil or natural gas that can be produced economically in commercial quantities. If they do, the well will be completed for production, which could involve a variety of equipment, the specifics of which depend on a number of technical geological and engineering considerations. If there is no oil or natural gas (a “dry” well), or there is oil and natural gas but the quantities are too small and/or too difficult to produce, the well will be abandoned. Abandonment is a completion operation that involves closing or “plugging” the well and remediating the drilling site. An injector well is a development well that will be used to inject fluid into a reservoir to increase production from other wells. A stratigraphic well is a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. These wells customarily are drilled without the intent of being completed for hydrocarbon production. The classification also includes tests identified as core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic tests are classified as “exploratory type” if drilled in an unknown area or “development type” if drilled in a known area.

Workover is a term used to describe remedial operations on a previously completed well to clean, repair and/or maintain the well for the purposes of increasing or restoring production. It could include well deepening, plugging portions of the well, working with cementing, scale removal, acidizing, fracture stimulation, changing tubulars or installing/changing equipment to provide artificial lift.

The SEC definitions related to oil and natural gas reserves, per Regulation S-X, reflecting our use of deterministic reserve estimation methods, are as follows:

- *Reserves.* Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project.

- *Proved oil and gas reserves.* Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.
  (i) The area of the reservoir considered as proved includes:
    A. The area identified by drilling and limited by fluid contacts, if any, and
    B. Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

  (ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.
  (iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.

  (iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:
    A. Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and.

    B. The project has been approved for development by all necessary parties and entities, including governmental entities.

  (v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

- *Reasonable Certainty.* If deterministic methods are used, reasonable certainty means a high degree of confidence that the quantities will be recovered. A high degree of confidence exists if the quantity is much more likely to be achieved than not, and as changes due to increased availability of geoscience (geological, geophysical and geochemical), engineering and economic data are made to estimated ultimate recovery (EUR) with time, reasonably certain EUR is much more likely to increase or remain constant than to decrease

- *Deterministic estimate.* The method of estimating reserves or resources is called deterministic when a single value for each parameter (from the geoscience, engineering, or economic data) in the reserves calculation is used in the reserves estimation procedure.

PART 1

Item 1 - Financial Statements

Gran Tierra Energy Inc.
Condensed Consolidated Statements of Operations and Retained Earnings (Unaudited)
(Thousands of U.S. Dollars, Except Share and Per Share Amounts)

	Three Months Ended March 31,	
	2012	**2011**
REVENUE AND OTHER INCOME		
Oil and natural gas sales	**$ 155,248**	$ 122,296
Interest income	**703**	223
	155,951	122,519
EXPENSES		
Operating	**24,487**	16,396
Depletion, depreciation, accretion and impairment (Note 5)	**60,367**	63,357
General and administrative	**15,899**	13,638
Equity tax (Note 8)	**-**	8,050
Financial instruments gain (Notes 3 and 6)	**-**	(230)
Gain on acquisition (Note 3)	**-**	(24,300)
Foreign exchange loss	**24,375**	5,199
	125,128	82,110
INCOME BEFORE INCOME TAXES	**30,823**	40,409
Income tax expense (Note 8)	**(31,136)**	(26,696)
NET (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME	**(313)**	13,713
RETAINED EARNINGS, BEGINNING OF PERIOD	**185,014**	58,097
RETAINED EARNINGS, END OF PERIOD	**$ 184,701**	$ 71,810
NET (LOSS) INCOME PER SHARE — BASIC	**$ (0.00)**	$ 0.05
NET (LOSS) INCOME PER SHARE — DILUTED	**$ (0.00)**	$ 0.05
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC (Note 6)	***278,734,280***	*260,930,753*
WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED (Note 6)	***278,734,280***	*267,819,800*

(See notes to the condensed consolidated financial statements)

Gran Tierra Energy Inc.
Condensed Consolidated Balance Sheets (Unaudited)
(Thousands of U.S. Dollars, Except Share and Per Share Amounts)

	March 31, 2012	December 31, 2011
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 230,076**	$ 351,685
Restricted cash	**2,880**	1,655
Accounts receivable	**145,606**	69,362
Inventory (Note 5)	**14,339**	7,116
Taxes receivable	**19,501**	21,485
Prepaids	**4,215**	3,597
Deferred tax assets (Note 8)	**3,229**	3,029
Total Current Assets	**419,846**	457,929
Oil and Gas Properties (using the full cost method of accounting)		
Proved	**627,620**	618,982
Unproved	**433,530**	417,868
Total Oil and Gas Properties	**1,061,150**	1,036,850
Other capital assets	**8,441**	7,992
Total Property, Plant and Equipment (Note 5)	**1,069,591**	1,044,842
Other Long-Term Assets		
Restricted cash	**43,039**	13,227
Deferred tax assets (Note 8)	**6,462**	4,747
Other long-term assets	**4,994**	3,454
Goodwill	**102,581**	102,581
Total Other Long-Term Assets	**157,076**	124,009
Total Assets	**$ 1,646,513**	$ 1,626,780
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	**$ 37,775**	$ 82,189
Accrued liabilities	**90,238**	66,832
Taxes payable	**120,328**	95,482
Asset retirement obligation (Note 7)	**-**	326
Total Current Liabilities	**248,341**	244,829
Long-Term Liabilities		
Deferred tax liability (Note 8)	**198,505**	186,799
Equity tax payable (Note 8)	**7,029**	6,484
Asset retirement obligation (Note 7)	**12,124**	12,343
Other long-term liabilities	**2,187**	2,007
Total Long-Term Liabilities	**219,845**	207,633
Commitments and Contingencies (Note 9)		
Shareholders' Equity		
Common shares (Note 6) (264,256,159 and 262,304,249 common shares and 14,717,917 and 16,323,819 exchangeable shares, par value $0.001 per share, issued and outstanding as at March 31, 2012 and December 31, 2011, respectively)	**7,983**	7,510
Additional paid in capital	**983,919**	980,014
Warrants (Note 6)	**1,724**	1,780
Retained earnings	**184,701**	185,014
Total Shareholders' Equity	**1,178,327**	1,174,318
Total Liabilities and Shareholders' Equity	**$ 1,646,513**	$ 1,626,780

(See notes to the condensed consolidated financial statements)

Gran Tierra Energy Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(Thousands of U.S. Dollars)

	Three Months Ended March 31,	
	2012	**2011**
Operating Activities		
Net (loss) income	**$ (313)**	$ 13,713
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depletion, depreciation, accretion and impairment	**60,367**	63,357
Deferred taxes (Note 8)	**(5,250)**	(187)
Stock-based compensation (Note 6)	**3,192**	3,453
Gain on financial instruments (Note 3)	**-**	(62)
Unrealized foreign exchange loss	**21,351**	4,458
Settlement of asset retirement obligation (Note 7)	**(404)**	(4)
Equity tax	**-**	6,132
Gain on acquisition (Note 3)	**-**	(24,300)
Net change in assets and liabilities from operating activities		
Accounts receivable	**(72,865)**	(83,036)
Inventory	**(4,500)**	736
Prepaids	**(618)**	(831)
Accounts payable and accrued and other liabilities	**(34,035)**	(22,756)
Taxes receivable and payable	**19,595**	8,101
Net cash used in operating activities	**(13,480)**	(31,226)
Investing Activities		
Increase in restricted cash	**(31,037)**	(5,600)
Additions to property, plant and equipment	**(77,983)**	(77,516)
Proceeds from disposition of oil and gas property (Note 5)	**-**	3,253
Cash acquired on acquisition (Note 3)	**-**	7,747
Proceeds on sale of asset-backed commercial paper (Note 3)	**-**	22,679
Net cash used in investing activities	**(109,020)**	(49,437)
Financing Activities		
Settlement of bank debt (Notes 3 and 11)	**-**	(22,853)
Proceeds from issuance of common shares	**891**	1,989
Net cash provided by (used in) financing activities	**891**	(20,864)
Net decrease in cash and cash equivalents	**(121,609)**	(101,527)
Cash and cash equivalents, beginning of period	**351,685**	355,428
Cash and cash equivalents, end of period	**$ 230,076**	$ 253,901
Cash	**$ 148,035**	$ 243,399
Term deposits	**82,041**	10,502
Cash and cash equivalents, end of period	**$ 230,076**	$ 253,901
Supplemental cash flow disclosures:		
Cash paid for interest	**$ -**	$ 668
Cash paid for income taxes	**$ 13,733**	$ 9,693
Non-cash investing activities:		
Non-cash working capital related to property, plant and equipment, end of period	**$ 53,090**	$ 42,698

(See notes to the condensed consolidated financial statements)

Gran Tierra Energy Inc.
Condensed Consolidated Statements of Shareholders' Equity (Unaudited)
(Thousands of U.S. Dollars)

	Three Months Ended March 31, 2012	Year Ended December 31, 2011
Share Capital		
Balance, beginning of period	**$ 7,510**	$ 4,797
Issue of common shares	**473**	2,713
Balance, end of period	**7,983**	7,510
Additional Paid in Capital		
Balance, beginning of period	**980,014**	821,781
Issue of common shares	**105**	142,109
Exercise of warrants (Note 6)	**56**	411
Exercise of stock options (Note 6)	**313**	1,990
Stock-based compensation (Note 6)	**3,431**	13,723
Balance, end of period	**983,919**	980,014
Warrants		
Balance, beginning of period	**1,780**	2,191
Exercise of warrants (Note 6)	**(56)**	(411)
Balance, end of period	**1,724**	1,780
Retained Earnings		
Balance, beginning of period	**185,014**	58,097
Net (loss) income	**(313)**	126,917
Balance, end of period	**184,701**	185,014
Total Shareholders' Equity	**$ 1,178,327**	$ 1,174,318

(See notes to the condensed consolidated financial statements)

Gran Tierra Energy Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Description of Business

Gran Tierra Energy Inc., a Nevada corporation (the "Company" or "Gran Tierra"), is a publicly traded oil and gas company engaged in the acquisition, exploration, development and production of oil and natural gas properties. The Company's principal business activities are in Colombia, Argentina, Peru and Brazil.

2. Significant Accounting Policies

These interim unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). The information furnished herein reflects all normal recurring adjustments that are, in the opinion of management, necessary for the fair presentation of results for the interim periods.

The note disclosure requirements of annual consolidated financial statements provide additional disclosures to that required for interim unaudited condensed consolidated financial statements. Accordingly, these interim unaudited condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements as at and for the year ended December 31, 2011 included in the Company's 2011 Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC") on February 27, 2012.

The Company's significant accounting policies are described in Note 2 of the consolidated financial statements which are included in the Company's 2011 Annual Report on Form 10-K and are the same policies followed in these interim unaudited condensed consolidated financial statements, except as disclosed below. The Company has evaluated all subsequent events through to the date these interim unaudited condensed consolidated financial statements were issued.

Revenue recognition

Revenue from the production of oil and natural gas is recognized when title passes to the customer and when collection of the revenue is reasonably assured. On February 1, 2012, the sales point for the Company's Colombian oil sales in the Putumayo basin changed. Gran Tierra's customer now takes title at the Port of Tumaco on the Pacific coast of Colombia rather than at the entry into the Ecopetrol-operated Trans-Andean oil pipeline ("the OTA pipeline") at the Orito station in the Putumayo basin.

Adopted accounting pronouncements

Goodwill

In September 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-08, "Intangibles – Goodwill and Other (Topic 350)." The update is intended to simplify how entities test goodwill for impairment. The update permits entities to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount and whether it is necessary to perform the two-step goodwill impairment test. This ASU was effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. The implementation of this update did not materially impact the Company's consolidated financial position, results of operations or cash flows.

Recently issued accounting pronouncements

Disclosure about Offsetting Assets and Liabilities

In December 2011, the FASB issued ASU 2011-11, "Balance Sheet – Disclosure about Offsetting Assets and Liabilities (Topic 210)." The update requires an entity to disclose information about offsetting assets and liabilities and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after January 1, 2013. The implementation of this update is not expected to materially impact the Company's disclosure.

3. Business Combination

On March 18, 2011 (the "Acquisition Date"), Gran Tierra completed its acquisition of all the issued and outstanding common shares and warrants of Petrolifera Petroleum Limited ("Petrolifera"), a Canadian corporation, pursuant to the terms and conditions of an arrangement agreement dated January 17, 2011 (the "Arrangement"). Petrolifera is a Calgary based oil, natural gas and natural gas liquids exploration, development and production company active in Argentina, Colombia and Peru. The transaction contemplated by the Arrangement was effected through a court approved plan of arrangement in Canada. The Arrangement was approved at a special meeting of Petrolifera shareholders on March 17, 2011 and by the Court of Queen's Bench of Alberta on March 18, 2011.

Under the Arrangement, Petrolifera shareholders received, for each Petrolifera share held, 0.1241 of a share of Gran Tierra common stock, and Petrolifera warrant holders received, for each Petrolifera warrant held, 0.1241 of a Replacement Warrant to purchase a share of Gran Tierra common stock at an exercise price of $9.67 Canadian ("CDN") dollars per share. The Replacement Warrants expired unexercised on August 28, 2011.

Gran Tierra acquired all the issued and outstanding Petrolifera shares and warrants through the issuance of 18,075,247 Gran Tierra common shares, par value $0.001, and 4,125,036 Replacement Warrants. Upon completion of the transaction on the Acquisition Date, Petrolifera became an indirect wholly-owned subsidiary of Gran Tierra. On a diluted basis, upon the closing of the Arrangement, Petrolifera and Gran Tierra security holders owned approximately 6.6%

and 93.4% of the Company, respectively, immediately following the transaction. The total consideration for the transaction was approximately $143 million.

The fair value of Gran Tierra's common shares was determined as the closing price of the common shares of Gran Tierra as at the Acquisition Date.

The fair value of the Replacement Warrants was estimated on the Acquisition Date using the Black-Scholes option pricing model with the following assumptions:

Exercise price (CDN dollars per warrant)	$	9.67
Risk-free interest rate		1.3%
Expected life		0.45 Years
Volatility		44%
Expected annual dividend per share		Nil
Estimated fair value per warrant (CDN dollars)	$	0.32

The acquisition is accounted for using the acquisition method, with Gran Tierra being the acquirer, whereby Petrolifera's assets acquired and liabilities assumed are recognized at their fair values as at the Acquisition Date and the results of Petrolifera have been consolidated with those of Gran Tierra from that date.

The following table shows the allocation of the consideration transferred based on the fair values of the assets and liabilities acquired:

(Thousands of U.S. Dollars)		
Consideration Transferred:		
Common shares issued net of share issue costs	$	141,690
Replacement warrants		1,354
	$	143,044
Allocation of Consideration Transferred:		
Oil and gas properties		
Proved	$	58,457
Unproved		161,278
Other long-term assets		4,417
Net working capital (including cash acquired of $7.7 million and accounts receivable of $6.4 million)		(17,223)
Asset retirement obligation		(4,901)
Bank debt		(22,853)
Other long-term liabilities		(14,432)
Gain on acquisition		(21,699)
	$	143,044

As shown above, the fair value of identifiable assets acquired and liabilities assumed exceeded the fair value of the consideration transferred. Consequently, Gran Tierra reassessed the recognition and measurement of identifiable assets acquired and liabilities assumed and concluded that all acquired assets and assumed liabilities were recognized and that the valuation procedures and resulting measures were appropriate. As a result, Gran Tierra initially recognized a gain of $24.3 million, which was reported as "Gain on acquisition", in the consolidated statement of operations for the three months ended March 31, 2011. Subsequent to the initial allocation of the consideration in the first quarter of 2011, further assessments of Petrolifera's tax position resulted in a reduction of the gain on acquisition to $21.7 million. The gain reflects the impact on Petrolifera's pre-acquisition market value of a lack of liquidity and capital resources required to maintain current production and reserves and further develop and explore their inventory of prospects.

As part of the assets acquired and included in the net working capital in the allocation of the consideration transferred, the Company assigned $22.5 million in fair value to investments in notes that Petrolifera received in exchange for asset-backed commercial paper ("ABCP") with a face value of $31.3 million. On March 28, 2011, these notes were sold to an unrelated party for proceeds of $22.7 million after the associated line of credit was settled resulting in a financial instruments gain for the three months ended March 31, 2011 of $0.2 million.

The associated ABCP line of credit that Gran Tierra assumed was with a Canadian Chartered Bank, to a maximum of CDN$23.2 million with an initial expiry in April 2012. Gran Tierra settled this line of credit immediately after the completion of the acquisition of Petrolifera for the face value of CDN$22.5 million in borrowings plus accrued interest.

Also upon the acquisition of Petrolifera, Gran Tierra assumed a second line of credit agreement ("Second ABCP line of credit") with the same Canadian chartered bank to a maximum of CDN$5.0 million, which was fully drawn as at the Acquisition Date. This Second ABCP line of credit, which expired on April 8, 2011, was secured by ineligible master asset vehicles Classes 1 & 2 ("MAV IA 1 & 2") notes with a face value of $6.6 million. Gran Tierra retained the option to settle the Second ABCP line of credit of CDN$5.0 million through delivery to the lender of the MAV IA 1 & 2 notes. Subsequent to the acquisition, Gran Tierra elected to record this second line of credit at fair value and planned at that time to settle the debt through delivery of the MAV IA 1 & 2 notes. Accordingly, a value of $nil was recorded for the debt upon its acquisition. Gran Tierra settled such borrowings by delivery of the MAV IA 1 & 2 notes on April 8, 2011.

Gran Tierra also assumed a reserve-backed credit facility upon the Petrolifera acquisition with an outstanding balance of $31.3 million. The amount outstanding under this credit facility was included as part of net working capital in the allocation of consideration transferred. The credit facility bore interest at LIBOR plus 8.25% and was partially secured by the pledge of the shares of Petrolifera's subsidiaries. The outstanding balance was repaid when the Argentine restriction preventing its repayment expired on August 5, 2011.

Pro forma results for the three months ended March 31, 2011 are shown below, as if the acquisition had occurred on January 1, 2010. Pro forma results are not indicative of actual results or future performance.

(Thousands of U.S. Dollars except per share amounts)	Three Months Ended March 31, 2011
Revenue and other income	$ 131,714
Net loss	$ (21,711)
Net loss per share - basic	$ (0.08)
Net loss per share - diluted	$ (0.08)

The supplemental pro forma earnings of Gran Tierra for the three months ended March 31, 2011 were adjusted to exclude $4.4 million of acquisition costs recorded in general and administrative ("G&A") expenses and the $24.3 million gain on acquisition because they are not expected to have a continuing impact on Gran Tierra's results of operations. Petrolifera's oil and natural gas sales and results of operations between the Acquisition Date and March 31, 2011 were not significant and therefore are not separately disclosed.

4. Segment and Geographic Reporting

The Company is primarily engaged in the exploration and production of oil and natural gas. The Company's reportable segments are Colombia, Argentina and Peru based on a geographic organization. The Company's operations in Brazil are not a reportable segment because the level of activity in Brazil was not significant at March 31, 2012 or December 31, 2011. The All Other category represents the Company's corporate activities and operations in Brazil.

The accounting policies of the reportable segments are the same as those described in Note 2. The Company evaluates segment performance based on income or loss before income taxes. The segmented results include the operations of Petrolifera subsequent to March 18, 2011, the date of acquisition of Petrolifera (Note 3).

The following tables present information on the Company's reportable segments and other activities:

(Thousands of U.S. Dollars except per unit of production amounts)	Three Months Ended March 31, 2012				
	Colombia	Argentina	Peru	All Other	Total
Oil and natural gas sales	$ 138,633	$ 15,369	$ -	$ 1,246	$ 155,248
Interest income	204	47	15	437	703
Depletion, depreciation, accretion and impairment	32,286	5,925	115	22,041	60,367
Depletion, depreciation, accretion and impairment - per unit of production	25.80	22.80	-	1,741.47	39.62
Income (loss) before income taxes	60,120	(477)	(727)	(28,093)	30,823
Segment capital expenditures	$ 20,349	$ 14,105	$ 16,655	$ 36,482	$ 87,591

(Thousands of U.S. Dollars except per unit of production amounts)	Three Months Ended March 31, 2011				
	Colombia	Argentina	Peru	All Other	Total
Oil and natural gas sales	$ 117,304	$ 4,992	$ -	$ -	$ 122,296
Interest income	87	-	-	136	223
Depletion, depreciation, accretion and impairment	30,036	1,147	31,933	241	63,357
Depletion, depreciation, accretion and impairment - per unit of production	24.77	11.90	-	-	48.39
Income (loss) before income taxes	57,886	(430)	(32,625)	15,578	40,409
Segment capital expenditures (1)	$ 42,264	$ 11,622	$ 14,287	$ 930	$ 69,103

(1) Net of proceeds from the farm out of a 50% interest in the Santa Victoria Block in Argentina in March 2011 (see Note 5).

The Company's revenues are derived principally from uncollateralized sales to customers in the oil and natural gas industry. The concentration of credit risk in a single industry affects the Company's overall exposure to credit risk because customers may be similarly affected by changes in economic and other conditions.

In the three months ended March 31, 2012 and 2011, the Company had one significant customer for its Colombian oil, Ecopetrol S.A. ("Ecopetrol"). Sales to Ecopetrol accounted for 85% and 96% of the Company's revenues for the three months ended March 31, 2012 and 2011, respectively. In the three months ended March 31, 2012, the Company had two significant customers in Argentina, Shell C.A.P.S.A. ("Shell") and Refineria del Norte S.A. ("Refiner"). Sales to Shell and Refiner accounted for 4% and 3%, respectively, of the Company's oil and natural gas sales for the three months ended March 31, 2012. In the three months ended March 31, 2011, Refiner was the Company's only significant customer in Argentina.

(Thousands of U.S. Dollars)	**As at March 31, 2012**				
	Colombia	**Argentina**	**Peru**	**All Other**	**Total**
Property, plant and equipment	**$ 801,810**	**137,414**	**50,845**	**79,522**	**$ 1,069,591**
Goodwill	**102,581**	**-**	**-**	**-**	**102,581**
Other assets	**269,744**	**38,103**	**8,602**	**157,892**	**474,341**
Total Assets	**$ 1,174,135**	**$ 175,517**	**$ 59,447**	**$ 237,414**	**$ 1,646,513**

(Thousands of U.S. Dollars)	**As at December 31, 2011**				
	Colombia	**Argentina**	**Peru**	**All Other**	**Total**
Property, plant and equipment	$ 816,396	129,072	34,305	65,069	$ 1,044,842
Goodwill	102,581	-	-	-	102,581
Other assets	269,843	34,672	9,597	165,245	479,357
Total Assets	$ 1,188,820	$ 163,744	$ 43,902	$ 230,314	$ 1,626,780

5. Property, Plant and Equipment and Inventory

Property, Plant and Equipment

	As at March 31, 2012			**As at December 31, 2011**		
(Thousands of U.S. Dollars)	**Cost**	**Accumulated depletion, depreciation and impairment**	**Net book value**	**Cost**	**Accumulated depletion, depreciation and impairment**	**Net book value**
Oil and natural gas properties						
Proved	**$ 1,252,252**	**(624,632)**	**627,620**	$ 1,181,503	$ (562,521)	$ 618,982
Unproved	**433,530**	**-**	**433,530**	417,868	-	417,868
	1,685,782	**(624,632)**	**1,061,150**	1,599,371	(562,521)	1,036,850
Furniture and fixtures and leasehold improvements	**7,226**	**(4,457)**	**2,769**	6,973	(4,002)	2,971
Computer equipment	**9,370**	**(4,422)**	**4,948**	8,443	(4,174)	4,269
Automobiles	**1,295**	**(571)**	**724**	1,295	(543)	752
Total Property, Plant and Equipment	**$ 1,703,673**	**$ (634,082)**	**$ 1,069,591**	$ 1,616,082	$ (571,240)	$ 1,044,842

Depletion and depreciation expense on property, plant and equipment for the three months ended March 31, 2012 was $42.6 million (three months ended March 31, 2011 - $32.1 million). A portion of depletion and depreciation expense was capitalized as inventory during the period.

In September 2011, the Company announced two farmout agreements with Statoil do Brasil Ltda. ("Statoil") in a joint venture with PetróleoBrasileiro S.A., in Brazil's deepwater offshore Camamu-Almada Basin, pursuant to which, the Company would receive an assignment of a non-operated 10% working interest in Block BM-CAL-7 and a non-operated 15% working interest in Block BM-CAL-10. Both blocks are located in the Camamu Basin, offshore Bahia, Brazil.

On February 17, 2012, in accordance with the terms of the farmout agreement for BM-CAL-10, the Company gave notice to Statoil that it would not enter into and assume its share of the work obligations of the second exploration period of the block. As a result, the farmout agreement has terminated and the Company will not receive any interest in the block. Pursuant to the farmout agreement, the Company was obligated to make payment for a certain percentage of the costs relating to Block BM-CAL-10, which relate primarily to a well that was drilled during the term of the farmout agreement. The notice of withdrawal was a trigger for payment of amounts that would otherwise have been due if the farmout agreement had closed and the Company had acquired a participating interest. In the three months ended March 31, 2012, the Company recorded a ceiling test impairment loss in the Company's Brazil cost center of $20.2 million. This impairment charge resulted from the recognition of $23.8 million of capital expenditures in relation to the Block BM-CAL-10 farmout agreement in the first quarter of 2012.

During the first quarter of 2012, the Company received regulatory approval from Agência Nacional de Petróleo, Gás Natural e Biocombustíveis ("ANP") for the Block BM-CAL-7 farmout agreement. Purchase consideration of $0.7 million was paid and the assignment became effective on April 3, 2012 . The block is an unproved property.

In the three months ended March 31, 2011, the Company recorded ceiling test impairment loss in the Company's Peru cost center of $31.9 million. This impairment charge related to seismic and drilling costs from a dry well.

In March 2011, the Company recorded proceeds of $3.3 million from the farmout of a 50% interest in the Santa Victoria Block in Argentina to Apache Corporation.

The amounts capitalized in each of the Company's cost centers during the three months ended March 31, 2012 and 2011 were as follows:

	Three Months Ended March 31, 2012				
(Thousands of U.S. Dollars)	**Colombia**	**Argentina**	**Peru**	**Brazil**	**Total**
Capitalized G&A, including stock-based compensation	**$ 1,852**	**$ 1,080**	**$ 927**	**$ 1,068**	**$ 4,927**
Capitalized stock-based compensation	**$ 114**	**$ 66**	**$ -**	**$ 59**	**$ 239**

	Three Months Ended March 31, 2011				
(Thousands of U.S. Dollars)	**Colombia**	**Argentina**	**Peru**	**Brazil**	**Total**
Capitalized G&A, including stock-based compensation	$ 1,815	$ 410	$ 294	$ -	$ 2,519
Capitalized stock-based compensation	$ 76	$ 47	$ -	$ -	$ 123

Unproved oil and natural gas properties consist of exploration lands held in Colombia, Argentina, Peru and Brazil. As at March 31, 2012, the Company had $274.3 million (December 31, 2011 - $274.8 million) of unproved assets in Colombia, $52.9 million (December 31, 2011 - $57.0 million) of unproved assets in Argentina, $50.2 million (December 31, 2011 - $33.7 million) of unproved assets in Peru and $56.1 million (December 31, 2011 - $52.4 million) of unproved assets in Brazil for a total of $433.5 million (December 31, 2011 - $417.9 million). These properties are being held for their exploration value and are not being depleted pending determination of the existence of proved reserves. Gran Tierra will continue to assess the unproved properties over the next several years as proved reserves are established and as exploration dictates whether or not future areas will be developed.

Inventories

As at March 31, 2012, oil and supplies inventories were $12.1 million and $2.2 million, respectively (December 31, 2011 - $4.7 million and $2.4 million, respectively).

6. Share Capital

The Company's authorized share capital consists of 595,000,002 shares of capital stock, of which 570 million are designated as common stock, par value $0.001 per share, 25 million are designated as preferred stock, par value $0.001 per share, and two shares are designated as special voting stock, par value $0.001 per share. As at March 31, 2012, outstanding share capital consists of 264,256,159 common voting shares of the Company, 8,494,107 exchangeable shares of Gran Tierra Exchange Co., automatically exchangeable on November 14, 2013, and 6,223,810 exchangeable shares of Goldstrike Exchange Co., automatically exchangeable on November 10, 2012. The exchangeable shares of Gran Tierra Exchange Co., were issued upon acquisition of Solana Resources Limited ("Solana"). The exchangeable shares of Gran Tierra Goldstrike Inc. were issued upon the business combination between Gran Tierra Energy Inc., an Alberta corporation, and Goldstrike, Inc., which is now the Company. Each exchangeable share is exchangeable into one common voting share of the Company. The holders of common stock are entitled to one vote for each share on all matters submitted to a stockholder vote and are entitled to share in all dividends that the Company's board of directors, in its discretion, declares from legally available funds. The holders of common stock have no pre-emptive rights, no conversion rights, and there are no redemption provisions applicable to the common stock. Holders of exchangeable shares have substantially the same rights as holders of common voting shares.

Warrants

At March 31, 2012, the Company had 6,098,224 warrants outstanding to purchase 3,049,112 common shares for $1.05 per share, expiring between June 20, 2012 and June 30, 2012. For the three months ended March 31, 2012, 100,003 common shares were issued upon the exercise of 200,006 warrants (three months ended March 31, 2011, 210,000 common shares were issued upon the exercise of 420,000 warrants).

The Company issued 4,125, 036 Replacement Warrants in connection with its acquisition of Petrolifera during March 2011 (Note 3). The Replacement Warrants expired unexercised during August 2011.The fair value of the Replacement Warrants as of March 31, 2011 was determined using the Black-Scholes option pricing model with the following assumptions:

Exercise price (CDN dollars per warrant)	$ 9.67
Risk-free interest rate	1.3%
Expected life	0.45 Years
Volatility	44%
Expected annual dividend per share	Nil
Estimated fair value per warrant (CDN dollars)	$ 0.32

During the three months ended March 31, 2011, a financial instruments gain resulting from the change in fair value of the Replacement Warrants of $32,075 was recorded.

Stock Options

For the three months ended March 31, 2012, the stock-based compensation expense was $3.4 million (three months ended March 31, 2011 - $3.6 million) of which $2.9 million (three months ended March 31, 2011 - $3.2 million) was recorded in G&A expenses, $0.3 million was recorded in operating expense (three months ended March 31, 2011 – $0.3 million) and $0.2 million of stock-based compensation was capitalized as part of exploration and development costs (three months ended March 31, 2011 – $0.1 million).

At March 31, 2012, there was $18.3 million (December 31, 2011 - $11.7 million) of unrecognized compensation cost related to unvested stock options which is expected to be recognized over the next three years.

The following table provides information about stock option activity for the three months ended March 31, 2012:

	Number of Outstanding Options	Weighted Average Exercise Price $/Option
Balance, December 31, 2011	12,864,002	$ 4.90
Granted in 2012	3,213,150	5.81
Exercised in 2012	(246,005)	(3.20)
Forfeited in 2012	(136,646)	(7.05)
Balance, March 31, 2012	15,694,501	$ 5.10

The weighted average grant date fair value for options granted in the three months ended March 31, 2012 was $3.37 (three months ended March 31, 2011 - $5.20). The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option pricing model based on assumptions noted in the following table.

	Three Months Ended March 31, 2012
Dividend yield (per share)	**$ nil**
Volatility	**75%**
Risk-free interest rate	**0.4%**
Expected term	**4-6 years**

Weighted average shares outstanding

	Three Months Ended March 31,	
	2012	2011
Weighted average number of common and exchangeable shares outstanding	**278,734,280**	260,930,753
Shares issuable pursuant to warrants	-	3,203,257
Shares issuable pursuant to stock options	-	5,894,518
Shares to be purchased from proceeds of stock options	-	(2,208,728)
Weighted average number of diluted common and exchangeable shares outstanding	**278,734,280**	267,819,800

Net (loss) income per share

For the three month period ended March 31, 2012, 15,694,501 options and 6,098,224 warrants to purchase 3,049,112 common shares were excluded from the diluted income per share calculation as the instruments were anti-dilutive. For the three months ended March 31, 2011, 4,125,036 Replacement Warrants were excluded from the diluted income per share calculation as the instruments were anti-dilutive.

7. Asset Retirement Obligation

As at March 31, 2012, the Company's asset retirement obligation was comprised of a Colombian obligation in the amount of $5.6 million (December 31, 2011 - $5.5 million), an Argentine obligation in the amount of $6.0 million (December 31, 2011 - $6.7 million) and a Brazilian obligation in the amount of $0.5 million (December 31, 2011 - $0.5 million). As at March 31, 2012, the undiscounted asset retirement obligation was $29.2 million (December 31, 2011 - $29.9 million). Revisions to estimated liabilities relate primarily to changes in estimates of asset retirement costs and include, but are not limited to, revisions of estimated inflation rates, changes in property lives and the expected timing of settling the asset retirement obligation. Changes in the carrying amounts of the asset retirement obligation associated with the Company's oil and natural gas properties were as follows:

(Thousands of U.S. Dollars)	Three Months Ended March 31, 2012	Year Ended December 31, 2011
Balance, beginning of period	**$ 12,669**	$ 4,807
Settlements	**(404)**	(345)
Disposal	**-**	(172)
Liability incurred	**193**	867
Liability assumed in a business combination (Note 3)	**-**	4,901
Foreign exchange	**35**	17
Accretion	**247**	673
Revisions in estimated liability	**(616)**	1,921
Balance, end of period	**$ 12,124**	$ 12,669
Asset retirement obligation - current	**$ -**	$ 326
Asset retirement obligation – long-term	**12,124**	12,343
Balance, end of period	**$ 12,124**	$ 12,669

8. Taxes

The income tax expense reported differs from the amount computed by applying the U.S. statutory rate to income before income taxes for the following reasons:

(Thousands of U.S. Dollars)	Three Months Ended March 31, 2012	2011
Income before income taxes	**$ 30,823**	$ 40,409
	35%	35%
Income tax expense expected	**10,788**	14,143
Foreign currency translation adjustments	**8,718**	1,981
Impact of foreign taxes	**(631)**	(1,598)
Stock-based compensation	**1,003**	1,143
Increase in valuation allowance	**10,145**	15,288
Branch and other foreign loss pick-up in the United States and Canada	**(622)**	(1,619)
Non-deductible third party royalty in Colombia	**1,943**	1,820
Non-taxable gain on acquisition	**-**	(8,527)
Other permanent differences	**(208)**	4,065
Total income tax expense	**$ 31,136**	$ 26,696
Current income tax	**36,384**	26,677
Deferred tax recovery	**(5,248)**	19
Total income tax expense	**$ 31,136**	$ 26,696

(Thousands of U.S. Dollars)	As at March 31, 2012	December 31, 2011
Deferred Tax Assets		
Tax benefit of loss carryforwards	**$ 73,645**	$ 63,910
Tax basis in excess of book basis	**15,732**	17,065
Foreign tax credits and other accruals	**27,224**	27,164
Capital losses	**2,494**	2,433
Deferred tax assets before valuation allowance	**119,095**	110,572
Valuation allowance	**(109,404)**	(102,796)
	$ 9,691	$ 7,776
Deferred tax assets - current	**$ 3,229**	$ 3,029
Deferred tax assets - long-term	**6,462**	4,747
	9,691	7,776
Deferred Tax Liabilities		
Long-term - book value in excess of tax basis	**(198,505)**	(186,799)
Net Deferred Tax Liabilities	**$ (188,814)**	$ (179,023)

As at March 31, 2012, the Company had operating loss carryforwards of $388.5 million (December 31, 2011 - $361.6 million) and capital losses of $13.9 million (December 31, 2011 – $13.7 million). Of these losses, $368.4 million (December 31, 2011 - $339.8 million) were losses generated by the foreign subsidiaries of the Company. In certain jurisdictions, the net operating loss carryforwards expire between 2012 and 2031 and the capital losses expire between 2012 and 2016, while certain other jurisdictions allow net operating losses to be carried forward indefinitely. Of the total net operating loss carryforwards, $4.0 million will begin to expire by 2013.

As at March 31, 2012, the total amount of Gran Tierra's unrecognized tax benefits was approximately $20.5 million (December 31, 2011 - $20.5 million), a portion of which, if recognized, would affect the Company's effective tax rate. To the extent interest and penalties may be assessed by taxing authorities on any underpayment of income tax, such amounts have been accrued and are classified as a component of income taxes in the consolidated statement of operations. As at March 31, 2012, the amount of interest and penalties on unrecognized tax benefits included in current income tax liabilities in the interim unaudited consolidated balance sheet was approximately $1.6 million (December 31, 2011 - $1.6 million). The Company had no material interest or penalties included in the interim unaudited consolidated statement of operations for the three months ended March 31, 2012 and 2011.

Changes in the Company's unrecognized tax benefit are as follows:

	Three Months Ended March 31,	
	2012	**2011**
(Thousands of U.S. Dollars)		
Unrecognized tax benefit at January 1	**$ 20,500**	$ 4,175
Changes for positions relating to prior year	-	70
Additions to tax position related to the current year	-	12,364
Unrecognized tax benefit at March 31	**$ 20,500**	$ 16,609

The Company and its subsidiaries file income tax returns in the U.S. federal and state jurisdictions and certain other foreign jurisdictions. The Company is subject to income tax examinations for the calendar tax years ended 2005 through 2011 in most jurisdictions. The Company does not anticipate any material changes to the unrecognized tax benefits disclosed above within the next twelve months.

Equity tax for the three months ended March 31, 2011 of $8.1 million represented a Colombian tax of 6% on a legislated measure which is based on the Company's Colombian segment's balance sheet equity at January 1, 2011. The equity tax is assessed every four years. The tax is payable in eight semi-annual installments over four years, but was expensed in the first quarter of 2011 at the commencement of the four-year period. The equity tax liability at March 31, 2012 and December 31, 2011 also partially related to an equity tax liability assumed upon the acquisition of Petrolifera.

9. Commitments and Contingencies

Purchase Obligations, Firm Agreements and Leases

The following is a schedule by year of purchase obligations, future minimum payments for firm agreements and leases that have initial or remaining non-cancellable lease terms in excess of one year as of March 31, 2012:

	As at March 31, 2012				
	Payments Due in Period				
	Total	**Less than 1 Year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
(Thousands of U.S. Dollars)					
Oil transportation services	**$ 36,922**	$ 13,072	$ 7,100	$ 7,100	$ 9,650
Drilling and geological and geophysical	**58,336**	47,086	11,250	-	-
Completions	**24,821**	19,201	5,620	-	-
Facility construction	**41,389**	24,557	16,832	-	-
Operating leases	**7,661**	3,085	3,142	1,434	-
Software and telecommunication	**4,790**	3,811	979	-	-
Consulting	**1,989**	1,989	-	-	-
Total	**$ 175,908**	**112,801**	**44,923**	**8,534**	**9,650**

Indemnities

Corporate indemnities have been provided by the Company to directors and officers for various items including, but not limited to, all costs to settle suits or actions due to their association with the Company and its subsidiaries and/or affiliates, subject to certain restrictions. The Company has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The maximum amount of any potential future payment cannot be reasonably estimated.

The Company may provide indemnifications in the normal course of business that are often standard contractual terms to counterparties in certain transactions such as purchase and sale agreements. The terms of these indemnifications will vary based upon the contract, the nature of which prevents the Company from making a reasonable estimate of the maximum potential amounts that may be required to be paid.

Letters of credit

At March 31, 2012, the Company had provided promissory notes totalling $24.5 million (December 31, 2011 - $20.7 million) as security for letters of credit relating to work commitment guarantees contained in exploration contracts.

Contingencies

Ecopetrol and Gran Tierra Energy Colombia Ltd. ("Gran Tierra Colombia"), the contracting parties of the Guayuyaco Association Contract, are engaged in a dispute regarding the interpretation of the procedure for allocation of oil produced and sold during the long-term test of the Guayuyaco -1 and Guayuyaco -2 wells. There is a material difference in the interpretation of the procedure established in Clause 3.5 of Attachment-B of the Guayuyaco Association Contract. Ecopetrol interprets the contract to provide that the extended test production up to a value equal to 30% of the direct exploration costs of the wells is for Ecopetrol's account only and serves as reimbursement of its 30% back-in to the Guayuyaco discovery. Gran Tierra Colombia's contention is that this amount is merely the recovery of 30% of the direct exploration costs of the wells and not exclusively for the benefit of Ecopetrol. There has been no agreement between the parties, and Ecopetrol has filed a lawsuit in the Contravention Administrative Court in the District of Cauca regarding this matter. Gran Tierra Colombia filed a response on April 29, 2008 in which it refuted all of Ecopetrol's claims and requested a change of venue to the courts in Bogota. At this time no amount has been accrued in the financial statements as the Company does not consider it probable that a loss will be incurred. Ecopetrol is claiming damages of approximately $5.8 million.

Gran Tierra is subject to a third party 10% net profits interest on 50% of the Company's production from the Costayaco field that arises from the original acquisition in 2006 of 50% of Gran Tierra's interest in the Chaza Block Contract. There is currently a disagreement between Gran Tierra and the third party as to the calculation of the net profits interest. Gran Tierra and the third party agreed to resolve this issue through an arbitration which was heard in Texas, in accordance with the rules of the American Arbitration Association, in the fourth quarter of 2011. The Company now expects to receive the arbitrator's decision in the second quarter of 2012. At this time no amount has been accrued in the financial statements as the Company does not consider it probable that a loss will be incurred. The disputed amount at March 31, 2012 is $10.9 million (December 31, 2011 - $9.6 million).

Gran Tierra's production from the Costayaco field is subject to an additional royalty that applies when cumulative gross production from a commercial field is greater than five million barrels. This additional royalty is calculated on the difference between a trigger price defined by the Agencia Nacional de Hidrocarburos (National Hydrocarbons Agency) ("ANH") and the sales price. The ANH has requested that the additional compensation be paid with respect to production from wells relating to the Moqueta discovery and has initiated a non-compliance procedure under the Chaza Contract. The Moqueta discovery is not located in the Costayaco Exploitation Area. Further, Gran Tierra views the Costayaco field and the Moqueta discovery as two clearly separate and independent hydrocarbon accumulations. Therefore, it is Gran Tierra's view that it is clear that, pursuant to the Chaza Contract, the additional compensation payments are only to be paid with respect to production from the Moqueta wells when the accumulated oil production from any new Exploitation Area created with respect to the Moqueta discovery exceeds five million barrels. As at March 31, 2012, total cumulative production from the Moqueta field was 0.4 MMbbl. The estimated compensation which would be payable on cumulative production to date if the ANH's interpretation is successful is $7.4 million. At this time no amount has been accrued in the financial statements as Gran Tierra does not consider it probable that a loss will be incurred.

Gran Tierra has several lawsuits and claims pending for which the Company currently cannot determine the ultimate result. Gran Tierra records costs as they are incurred or become probable and determinable. Gran Tierra believes the resolution of these matters would not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

10. Financial Instruments, Fair Value Measurements and Credit Risk

At March 31, 2012, the Company's financial instruments recognized in the balance sheet consist of cash and cash equivalents, restricted cash, accounts receivable and accounts payable and accrued liabilities. The fair value of long-term restricted cash approximates its carrying value because interest rates are variable and reflective of market rates. The fair values of other financial instruments approximate their carrying amounts due to the short-term maturity of these instruments.

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs consist of quoted prices (unadjusted) in active markets for identical assets and liabilities and have the highest priority. Level 2 and 3 inputs are based on significant other observable inputs and significant unobservable inputs, respectively, and have lower priorities. The Company uses appropriate valuation techniques based on the available inputs to measure the fair values of assets and liabilities. At March 31, 2012, the Company did not have any financial assets or liabilities measured at fair value on the balance sheet and held no derivative instruments. The Company does not use derivative financial instruments for speculative purposes. The fair value of financial instruments at March 31, 2012 as disclosed above was determined using Level 3 inputs.

At March 31, 2011, the Replacement Warrants (Note 3) met the definition of a derivative. Because the exercise price of the Replacement Warrants was denominated in Canadian dollars, which is different from Gran Tierra's functional currency, the Replacement Warrants were not considered indexed to Gran Tierra's common shares and the Replacement Warrants could not be classified within equity. Therefore the Replacement Warrants were classified as a current liability on Gran Tierra's condensed consolidated balance sheet. Furthermore, these derivative instruments did not qualify as fair value hedges or cash flow hedges, and accordingly, changes in their fair value were recognized as income or expense in the consolidated statement of operations and retained earnings with a corresponding adjustment to the fair value of derivative instruments recognized on the balance sheet. The fair value of the Replacement Warrants at March 31, 2011 was determined using Level 3 inputs (Note 6).

Credit risk arises from the potential that the Company may incur a loss if a counterparty to a financial instrument fails to meet its obligation in accordance with agreed terms. The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and accounts receivables. The carrying value of cash and accounts receivable reflects management's assessment of credit risk .

At March 31, 2012, cash and cash equivalents and restricted cash included balances in savings and checking accounts, as well as term deposits and certificates of deposit, placed primarily with governments and financial institutions with strong investment grade ratings, or the equivalent in the Company's operating areas. Any foreign currency transactions are conducted on a spot basis, with major financial institutions in the Company's operating areas.

Most of the Company's accounts receivable relate to uncollateralized sales to customers in the oil and natural gas industry and are exposed to typical industry credit risks. The concentration of revenues in a single industry affects the Company's overall exposure to credit risk because customers may be similarly affected by changes in economic and other conditions. The Company manages this credit risk by entering into sales contracts with only credit worthy entities and reviewing its exposure to individual entities on a regular basis. For the three months ended March 31, 2012, the Company had one significant customer for its Colombian oil, Ecopetrol, and in Argentina the Company had two significant customers, Shell and Refiner .

Additionally, foreign exchange gains and losses mainly result from fluctuation of the U.S. dollar to the Colombian peso due to Gran Tierra's current and deferred tax liabilities, monetary liabilities, which are mainly denominated in the local currency of the Colombian foreign operations. As a result, foreign exchange gains and losses must be calculated on conversion to the U.S. dollar functional currency. A strengthening in the Colombian peso against the U.S. dollar results in foreign exchange losses, estimated at $104,000 for each one peso decrease in the exchange rate of the Colombian peso to one U.S. dollar .

11. Bank Debt and Credit Facilities

Effective July 30, 2010, a subsidiary of Gran Tierra, Solana, established a credit facility with BNP Paribas for a three-year term which may be extended or amended by agreement between the parties. This reserve-based facility has a maximum borrowing base up to $100 million and is supported by the present value of the petroleum reserves of two of the Company's subsidiaries with operating branches in Colombia – Gran Tierra Colombia and Solana Petroleum Exploration (Colombia) Ltd. The initial committed borrowing base is $20 million. Amounts drawn down under the facility bear interest at the U.S. dollar LIBOR rate plus 3.5%. In addition, a stand-by fee of 1.5% per annum is charged on the unutilized balance of the committed borrowing base and is included in G&A expenses. Under the terms of the facility, the Company is required to maintain and was in compliance with certain financial and operating covenants. As at March 31, 2012 and December 31, 2011, the Company had not drawn down any amounts under this facility. In February 2012, BNP Paribas announced the sale of its North American reserve-based lending business to Wells Fargo Bank National Association. Solana's credit facility is expected to be part of that sale. Closing documents are being processed, and the sale is expected to be finalized in the second quarter of 2012.

12. Related Party Transactions

On January 12, 2011, the Company entered into an agreement to sublease office space to a company of which Gran Tierra's President and Chief Executive Officer serves as an independent director. The term of the sublease runs from February 1, 2011 to January 30, 2013 and the sublease payment is $4,400 per month plus approximately $5,600 of operating and other expense.

On August 3, 2010, Gran Tierra entered into a contract related to the Peru drilling program with a company for which one of Gran Tierra's directors is a shareholder and director. For the three months ended March 31, 2012, $nil million was incurred and capitalized under this contract (three months ended March 31, 2011 - $2.0 million) and at March 31, 2012, $nil was included in accounts payable related to this contract (December 31, 2011 - $nil).

On February 1, 2009, the Company entered into a sublease for office space with a company, of which one of Gran Tierra's directors is a shareholder and director. The term of the sublease ran from February 1, 2009 to August 31, 2011 and the sublease payment was $8,000 per month plus approximately $4,700 for operating and other expenses.

Item 2. Management's Discussion and Analysis of Fina ncial Condition and Results of Operations

This report, and in particular this Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Please see the cautionary language at the very beginning of this Quarterly Report on Form 10-Q regarding the identification of and risks relating to forward-looking

statements, as well as Part II, Item 1A "Risk Factors" in this Quarterly Report on Form 10-Q.

The following discussion of our financial condition and results of operations should be read in conjunction with the Financial Statements as set out in Part I – Item 1 of this Quarterly Report on Form 10-Q as well as the financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission ("SEC") on February 27, 2012.

Overview

We are an independent international energy company incorporated in the United States and engaged in oil and natural gas acquisition, exploration, development and production. Our operations are carried out in South America in Colombia, Argentina, Peru, and Brazil, and we are headquartered in Calgary, Alberta, Canada. Our reportable segments are Colombia, Argentina and Peru. Brazil is not a reportable segment because the level of activity in Brazil is not significant at this time. For the three months ended March 31, 2012, 89% (three months ended March 31, 2011 - 96%) of our revenue and other income was generated in Colombia.

Highlights

	Three Months Ended March 31,		
	2012	**2011**	**% Change**
Production (BOEPD) (1)	**16,742**	14,546	15
Prices Realized - per BOE	**$ 101.90**	$ 93.41	9
Revenue and Other Income ($000s)	**$ 155,951**	$ 122,519	27
Net (Loss) Income ($000s)	**$ (313)**	$ 13,713	(102)
Net (Loss) Income Per Share - Basic	**$ (0.00)**	$ 0.05	(100)
Net (Loss) Income Per Share - Diluted	**$ (0.00)**	$ 0.05	(100)
Funds Flow From Operations ($000s) (2)	**$ 78,943**	$ 66,560	19
Capital Expenditures ($000s)	**$ 87,591**	$ 69,103	27

	As at		
	March 31, 2012	**December 31, 2011**	**% Change**
Cash & Cash Equivalents ($000s)	**$ 230,076**	$ 351,685	(35)
Working Capital (including cash & cash equivalents) ($000s)	**$ 171,505**	$ 213,100	(20)
Property, Plant & Equipment ($000s)	**$ 1,069,591**	$ 1,044,842	2

(1) Production represents production volumes NAR adjusted for inventory changes. NGL volumes are converted to BOE on a one-to-one basis with oil. Gas volumes are converted to BOE at the rate of 6 Mcf of gas per bbl of oil, based upon the approximate relative energy content of gas and oil, which rate is not necessarily indicative of the relationship of oil and gas prices.

(2) Funds flow from operations is a non-GAAP measure which does not have any standardized meaning prescribed under generally accepted accounting principles in the United States of America ("GAAP"). Management uses this financial measure to analyze operating performance and the income generated by our principal business activities prior to the consideration of how non-cash items affect that income, and believes that this financial measure is also useful supplemental information for investors to analyze operating performance and our financial results. Investors should be cautioned that this measure should not be construed as an alternative to net income or other measures of financial performance as determined in accordance with GAAP. Our method of calculating this measure may differ from other companies and, accordingly, it may not be comparable to similar measures used by other companies. Funds flow from operations, as presented, is net (loss) income adjusted for depletion, depreciation, accretion and impairment ("DD&A") expenses, deferred taxes, stock-based compensation, gain on financial instruments, unrealized foreign exchange loss, settlement of asset retirement obligation, equity tax and gain on acquisition. A reconciliation from funds flow from operations to net (loss) income is as follows:

Funds Flow From Operations - Non-GAAP Measure ($000s)	Three Months Ended March 31, 2012	2011
Net (loss) income	**$ (313)**	$ 13,713
Adjustments to reconcile net (loss) income to funds flow from operations		
DD&A expenses	**60,367**	63,357
Deferred taxes	**(5,250)**	(187)
Stock-based compensation	**3,192**	3,453
Gain on financial instruments	**-**	(62)
Unrealized foreign exchange loss	**21,351**	4,458
Settlement of asset retirement obligation	**(404)**	(4)
Equity tax	**-**	6,132
Gain on acquisition	**-**	(24,300)
Funds flows from operations	**$ 78,943**	$ 66,560

Operational Highlights

- In the first quarter of 2012, oil and natural gas production, NAR and adjusted for inventory changes, averaged 16,742 BOEPD, an increase of 15% over the first quarter of 2011. The increase was due to increased production from the Moqueta and Jilguero fields in Colombia and the Neuquen Basin in Argentina, partially offset by the impact of pipeline disruptions and an increase in pipeline inventory as a result of the change in the sales point in Colombia.

- In Colombia, the Ramiriqui-1 oil exploration well reached total depth at 19,519 feet measured depth ("MD") in basement. Along with our operating partner Compania Espanola de Petroleos, S.A.U. ("CEPSA"), we completed initial testing on the well with natural flow rates, without pumps, of up to 2,525 BOPD gross over 32.5 hours with a 28/64 inch choke and a 0.12% watercut with 26°API gravity oil from the Mirador formation. The Ramiriqui-1 well flowed at a restricted rate due to gas flaring limitations. We are awaiting approval from the Agencia Nacional de Hidrocarburos (National Hydrocarbons Agency) ("ANH") of the transfer of our 45% working interest in this Block.

- In Colombia, we completed the Moqueta 3D seismic program with interpretation ongoing to assist in full field development planning.

- In Argentina, we completed drilling and testing the Proa -2 appraisal well, the second well in the Proa oil field. The well went on production in the second quarter of 2012 at a constrained rate of approximately 2,000 BOPD gross to further analyze reservoir performance while additional transportation capacity is evaluated.

- In Brazil, the 3-GTE-03D-BA appraisal well reached a total depth of 2,273 meters MD during the first quarter of 2012 and oil bearing reservoir intervals were encountered. Additionally, a second appraisal well, 3-GTE-4DPA-BA, encountered the Agua Grande formation at 2,065 meters MD and the Sergi formation at 2,182 meters MD.

- In September 2011, we announced two farmout agreements with Statoil do Brasil Ltda. ("Statoil") in a joint venture with PetróleoBrasileiro S.A. ("Petrobras"), in Brazil's deepwater offshore Camamu-Almada Basin, pursuant to which, we would receive an assignment of a non-operated 10% working interest in Block BM-CAL-7 and a non-operated 15% working interest in Block BM-CAL-10. On February 17, 2012, in accordance with the terms of the farmout agreement, we gave notice to Statoil that we would not enter into and assume our share of the work obligations of the second exploration period of Block BM-CAL-10. As a result, the farmout agreement has terminated and we will not receive any interest in the block. We paid $23.8 million in the second quarter of 2012 related to our obligation on this farmout agreement.

- During the first quarter of 2012, we received regulatory approval from the ANP in Brazil for the Block BM-CAL-7 farmout agreement and the assignment became effective on April 3, 2012.

- On January 20, 2012, we entered into a purchase and sale agreement to acquire the remaining 30% participating interest in Blocks 129, 142, 155 and 224 in the Recôncavo Basin in Brazil from our partner. The completion of the purchase is subject to ANP approval.

Financial Highlights

- Revenue and other income increased by 27% to $156.0 million in the first quarter of 2012 compared with $122.5 million in the first quarter of 2011 due to increased production and higher oil prices. Average oil and NGL prices realized per bbl in the first quarter of 2012 were $105.36, an increase of 12% compared with $94.31 in the first quarter of 2011.

- We incurred a net loss of $0.3 million in the first quarter of 2012, representing basic and diluted net loss per share of $nil. This compares with net income of $13.7 million, or $0.05 per share basic and diluted in the first quarter of 2011. In the first quarter of 2012, increased oil and natural gas sales, reduced impairment charges and no Colombian equity tax expense were more than offset by a $24.4 million foreign exchange loss, the absence of the comparative period gain on acquisition, increased operating, depletion, depreciation and accretion and general and administrative ("G&A") expenses and increased income taxes. Net income in the comparable quarter in 2011 included a gain on the acquisition of Petrolifera Petroleum Limited ("Petrolifera") of $24.3 million and Colombian equity tax of $8.1 million. The Colombian equity tax is assessed every four years.

- Funds flow from operations increased by 19% to $78.9 million in the first quarter of 2012 from $66.6 million in the first quarter of 2011. The

increase was primarily due to increased oil and natural gas sales and no Colombian equity tax expense , partially offset by increased operating and G&A expenses.

- Cash and cash equivalents was $230.1 million at March 31, 2012 compared with $351.7 million at December 31, 2011. The change in cash and cash equivalents during the first quarter of 2012 was primarily the result of funds flow from operations of $78.9 million and proceeds from issuance of common shares of $0.9 million being more than offset by an increase in net assets from operating activities of $92.4 million, $78.0 million of capital expenditures and a $31.0 million increase in restricted cash during the first quarter of 2012.

- Working capital (including cash and cash equivalents) was $171.5 million at March 31, 2012, a $41.6 million decrease from December 31, 2011.The decrease is a result of a $121.6 million decrease in cash and cash equivalents and a $24.8 million increase in taxes payable due to increased taxable income in Colombia, partially offset by a $76.2 million increase in accounts receivable due to increased sales and the timing of collection of receivables, a $7.2 million increase in inventory due to the new transportation agreement in Colombia and a $21.0 million decrease in accounts payable and accrued liabilities. The decrease in accounts payable and accrued liabilities was primarily the result of a $19.0 million reduction in royalties payable due to the timing of royalty payments and a $13.7 million reduction in VAT payable, partially offset by a $12.0 million increase in capital expenditure related liabilities. Capital expenditure related accounts payable included $23.8 million related to the Block BM-CAL-10 at March 31, 2012.

- Property, plant and equipment at March 31, 2012 was $1.1 billion, an increase of $24.7 million from December 31, 2011, as a result of $87.6 million of capital expenditures, partially offset by $62.9 million of depletion, depreciation and impairment expenses.

Business combination

On March 18, 2011, we completed the acquisition of all the issued and outstanding common shares and warrants of Petrolifera pursuant to the terms and conditions of an arrangement agreement dated January 17, 2011. Petrolifera is a Calgary-based oil, natural gas and NGL exploration, development and production company active in Argentina, Colombia and Peru. For further details reference should be made to Note 3 of the consolidated financial statements.

The acquisition was accounted for using the acquisition method, with Gran Tierra being the acquirer, whereby Petrolifera's assets acquired and liabilities assumed were recorded at their fair values as at the acquisition date and the results of Petrolifera were consolidated with those of Gran Tierra from that date.

As indicated in the allocation of the consideration transferred, the fair value of identifiable assets acquired and liabilities assumed exceeded the fair value of the consideration transferred. Consequently, we reassessed the recognition and measurement of identifiable assets acquired and liabilities assumed and concluded that all acquired assets and assumed liabilities were recognized and that the valuation procedures and resulting measures were appropriate. As a result, we recognized a gain on acquisition of $24.3 million in the consolidated statement of operations for the three months ended March 31, 2011. Subsequent to the initial allocation of the consideration in the first quarter of 2011, further assessments of Petrolifera's tax position resulted in a reduction of the gain on acquisition to $21.7 million. The gain reflects the impact on Petrolifera's pre-acquisition market value resulting from their lack of liquidity and capital resources required to maintain current production and reserves and further develop and explore their inventory of prospects.

Business Environment Outlook

Our revenues have been significantly affected by the continuing fluctuations in oil prices. Oil prices are volatile and unpredictable and are influenced by concerns about financial markets and the impact of the worldwide economy on oil demand growth. However, based on projected production, prices, costs and our current liquidity position, we believe that our current operations and 2012 capital expenditure program can be maintained from cash flow from existing operations and cash on hand, barring unforeseen events or a downturn in oil and gas prices. Should our operating cash flow decline, we would examine measures such as reducing our capital expenditure program, possible periodic draws from our revolving credit facility, issuance of debt, disposition of assets, or issuance of equity. The continuing uncertainty regarding the Middle East and continued economic instability in the United States and Europe is having an impact on world markets, and we are unable to determine the impact, if any, these events may have on oil prices and demand.

Our future growth and acquisitions may depend on our ability to raise additional funds through equity and debt markets. Should we be required to raise debt or equity financing to fund capital expenditures or other acquisition and development opportunities, such funding may be affected by the market value of our common stock. If the price of our common stock declines, our ability to utilize our stock to raise capital may be negatively affected. Also, raising funds by issuing stock or other equity securities would further dilute our existing shareholders, and this dilution would be exacerbated by a decline in our stock price. Any securities we issue may have rights, preferences and privileges that are senior to our existing equity securities. Borrowing money may also involve further pledging of some or all of our assets and will expose us to interest rate risk. Depending on the currency used to borrow money, we may also be exposed to further foreign exchange risk. Our ability to borrow money and the interest rate we pay for any money we borrow will be affected by market conditions, and we cannot predict what price we may pay for any borrowed money.

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Consolidated Results of Operations

	Three Months Ended March 31,		
	2012	**2011**	**% Change**
(Thousands of U.S. Dollars)			
Oil and natural gas sales	**$ 155,248**	$ 122,296	27
Interest income	**703**	223	215
	155,951	122,519	27
Operating expenses	**24,487**	16,396	49
DD&A expenses	**60,367**	63,357	(5)
G&A expenses	**15,899**	13,638	17
Equity tax	**-**	8,050	-
Financial instruments gain	**-**	(230)	-
Gain on acquisition	**-**	(24,300)	-
Foreign exchange loss	**24,375**	5,199	369
	125,128	82,110	52
Income before income taxes	**30,823**	40,409	(24)
Income tax expense	**(31,136)**	(26,696)	17
Net (loss) income	**$ (313)**	$ 13,713	(102)
Production			
Oil and NGL's, bbl	**1,461,404**	1,293,453	13
Natural gas, Mcf	**372,947**	94,317	295
Total production, BOE (1)	**1,523,562**	1,309,173	16
Average Prices			
Oil and NGL's, per bbl	**$ 105.36**	$ 94.31	12
Natural gas, per Mcf	**$ 3.42**	$ 3.35	2
Consolidated Results of Operations (per BOE)			
Oil and natural gas sales	**$ 101.90**	$ 93.41	9
Interest income	**0.46**	0.17	171
	102.36	93.58	9
Operating expenses	**16.07**	12.52	28
DD&A expenses	**39.62**	48.39	(18)
G&A expenses	**10.44**	10.42	-
Equity tax	**-**	6.15	-
Financial instruments gain	**-**	(0.18)	-
Gain on acquisition	**-**	(18.56)	-
Foreign exchange loss	**16.00**	3.97	303
	82.13	62.71	31
Income before income taxes	**20.23**	30.87	(34)
Income tax expense	**(20.44)**	(20.39)	-
Net (loss) income	**$ (0.21)**	$ 10.48	(102)

(1) Production represents production volumes NAR adjusted for inventory changes. NGL volumes are converted to BOE on a one-to-one basis with oil. Gas volumes are converted to BOE at the rate of 6 Mcf of gas per bbl of oil, based upon the approximate relative energy content of gas and oil, which rate is not necessarily indicative of the relationship of oil and gas prices.

Net loss was $0.3 million, or $nil per share basic and diluted, for the first quarter of 2012 compared with net income of $13.7 million, or $0.05 per share basic and diluted, for the comparable quarter in 2011. In the first quarter of 2012, increased oil and natural gas sales due to increased production and higher realized oil prices, reduced impairment charges and no Colombian equity tax expense were more than offset by a $24.4 million foreign exchange loss, the absence of the comparative period gain on acquisition, increased operating, depletion, depreciation and accretion and G&A expenses and increased income taxes. The Colombian equity tax is assessed every four years. Net income in the comparable quarter in 2011 included a gain on the acquisition of Petrolifera of $24.3 million.

Oil and NGL production, NAR and adjusted for inventory changes, for the first quarter of 2012 increased to 1.5 MMbbl compared with 1.3 MMbbl for the

comparable quarter in 2011 primarily due to increased production from the Moqueta and Jilguero fields in Colombia and the addition of the Neuquen Basin in Argentina, from the acquisition of Petrolifera in March 2011. Production during the first quarter of 2012 reflects approximately 26 days of oil delivery restrictions due to three separate disruptions in the Ecopetrol-operated Trans-Andean oil pipeline ("the OTA pipeline") in Colombia. We continued production at a reduced rate while the OTA pipeline was down, selling a portion of our oil through trucking and storing excess oil, resulting in a reduction in oil production, NAR and adjusted for inventory changes, of approximately 800 BOPD for the first quarter of 2012.

Also, as a result of entering into new oil sales and transportation agreements with Ecopetrol as of February 1, 2012, which changed the sales point of oil from Orito station to Tumaco Port, our reported oil inventory increased representing ownership of oil in the OTA pipeline and associated Ecopetrol owned facilities. This change in sales point and the increase in pipeline inventory had a corresponding one-time reduction in oil production, NAR and adjusted for inventory changes, of approximately 1,040 BOPD for the first quarter of 2012.

Production during the first quarter of 2011 was adversely affected by a maintenance program at the Tumaco Port offloading terminal between December 28, 2010 and February 7, 2011 which reduced sales through the OTA pipeline.

Average realized oil prices in the first quarter of 2012 increased by 12% to $105.36 per bbl from $94.31 per bbl in 2011 reflecting higher oil prices. The average West Texas Intermediate ("WTI") oil price for the first quarter of 2012 was $102.89 per bbl compared with $93.95 per bbl in the comparable quarter in 2011. Average Brent oil price for the first quarter of 2012 was $118.56 per bbl.

Increased production and higher oil prices resulted in a 27% increase in ***revenue and other income*** to $156.0 million for the first quarter of 2012 compared with $122.5 million in the comparable quarter in 2011.

Operating expenses for the first quarter of 2012 amounted to $24.5 million, or $16.07 per BOE, compared with $16.4 million, or $12.52 per BOE, in the comparable quarter in 2011. The increase in operating expenses was due to an increase of $3.7 million in Colombia, $3.8 million in Argentina and $0.6 million in Brazil.

DD&A expenses for the first quarter of 2012 decreased to $60.4 million compared with $63.4 million for the comparable quarter in 2011. DD&A expenses for the first quarter of 2012 included a $20.2 million ceiling test impairment in our Brazil cost center. The impairment loss related to seismic and drilling costs on Block BM-CAL-10. The farmout agreement for that block terminated during the first quarter of 2012 when we provided notice that we would not enter into the second exploration period. DD&A expenses for the comparable quarter in 2011 included a $31.9 million ceiling test impairment in our Peru cost center relating to seismic and drilling costs from a dry well.

The remaining increase in DD&A expenses was due to higher production levels and increased future development costs included in the depletable base, partially offset by an increase in reserves. On a BOE basis, DD&A expenses in 2012 were $39.62 compared with $48.39 for 2011, representing an 18% decrease. Excluding the effects of impairment charges, DD&A expenses were $26.36 per BOE in the first quarter of 2012, compared with $24.02 per BOE in the comparable period in 2011.

G&A expenses of $15.9 million for the first quarter of 2012 increased by 17% from $13.6 million in the comparable quarter in 2011 primarily due to a full quarter of Petrolifera G&A expenses and increased employee related costs reflecting the expanded operations in all business segments, partially offset by the absence of $1.2 million of expenses associated with the acquisition of Petrolifera recorded in the first quarter of 2011. G&A expenses per BOE were comparable with the first quarter in 2011 at $10.44 per BOE.

Equity tax in the three months ended March 31, 2011 represents a Colombian tax of 6% on a legislated measure which is based on our Colombian segment's balance sheet equity at January 1, 2011. The equity tax is assessed every four years.

Gain on acquisition of $24.3 million in the three months ended March 31, 2011 related to the Petrolifera acquisition. This gain reflects the impact on Petrolifera's pre-acquisition market value of its lack of liquidity and capital resources required to maintain production and reserves and further develop and explore its inventory of prospects.

Foreign exchange loss of $24.4 million for the first quarter of 2012, of which $21.4 million was an unrealized non-cash foreign exchange loss, primarily represents a foreign exchange loss resulting from the translation of current and deferred tax liabilities in Colombia. In the first quarter of 2011, the foreign exchange loss was $5.2 million, of which $4.5 million was an unrealized non-cash foreign exchange loss. Under GAAP, deferred taxes are considered a monetary liability and require translation from local currency to U.S. dollar functional currency at each balance sheet date. This translation results in the recognition of unrealized exchange losses or gains. The Colombian Peso strengthened by 8% and 2% against the U.S. dollar in the three months ended March 31, 2012 and 2011, respectively.

Income tax expense for the first quarter of 2012 was $31.1 million compared with $26.7 million recorded in the comparable quarter in 2011. The increase was primarily due to higher income. For the three months ended March 31, 2012, the effective tax rate was 101% compared with 66% in the comparable quarter in 2011. The change was primarily due to a non-taxable gain on acquisition being recorded in 2011 and an increase in the non-deductible unrealized foreign currency translation loss in 2012. The variance from the 35% U.S. statutory rate for the first quarter of 2012 results from non-deductible foreign currency translation losses and an increase in valuation allowances taken on losses incurred in the U.S., Canada, Argentina, Peru and Brazil. The variance from the 35% U.S. statutory rate for the first quarter of 2011 was primarily attributable to non-deductible foreign currency translation losses as described above and an increase in valuation allowances taken on losses incurred in the U.S., Canada, Argentina, Peru and Brazil, offset partially by the inclusion of the non-taxable gain on acquisition.

2012 Work Program and Capital Expenditure Program

Our capital expenditures during the first quarter of 2012 were $87.6 million (including changes in non-cash working capital) compared with $69.1 million in the comparable quarter in 2011. In 2012, capital expenditures included drilling and acquisition expenditures of $60.7 million, geological and geophysical ("G&G") expenditures of $22.2 million, facilities expenditures of $2.3 million and other expenditures of $2.4 million.

Our capital program for 2012 has been revised to $444 million from $367 million. This includes $196 million for Colombia, an increase of $ 14 million due primarily to additional facilities costs on the Garibay and Chaza Blocks and testing of the successful Ramiriqui-1 oil exploration well; $122 million for Brazil, an increase of $54 million due primarily to the acquisition of the remaining 30% working interest in four onshore blocks and associated proportional increase in work program; $47 million for Argentina, a $7 million decrease primarily due to the deferral of drilling in the Santa Victoria block into the first quarter of 2013; and $78 million for Peru, a $16 million increase primarily due to the acquisition costs of an over-riding royalty interest in Block 107; and $1 million associated with corporate activities. Of this, $294 million is for drilling and acquisitions, $58 million is for facilities and pipelines and $92 million is for G&G expenditures. Of the $294 million allocated to drilling and acquisitions, approximately $140 million is for exploration, $43 million is for acquisitions and the balance is for delineation and development drilling.

Our 2012 work program is intended to create both growth and value through strategic acquisitions of working interests, by leveraging existing assets to

increase reserves and production levels and through the construction of pipelines and facilities in the areas with proved reserves. We are financing our capital program through cash flows from operations and cash on hand, while retaining financial flexibility with a strong cash position and no debt, so that we can be positioned to undertake further development opportunities and pursue acquisitions. However, as a result of the nature of the oil and natural gas exploration, development and exploitation industry, budgets are regularly reviewed with respect to both the success of expenditures and other opportunities that become available. Accordingly, while we currently intend that funds will be expended as set forth in our 2012 work program, there may be circumstances where, for sound business reasons, actual expenditures may in fact differ.

Excluding potential exploration success, average production in 2012 is expected to range between 20,000 and 21,000 BOEPD NAR.

Segmented Results – Colombia

	Three Months Ended March 31,		
	2012	**2011**	**% Change**
(Thousands of U.S. Dollars)			
Oil and natural gas sales	**$ 138,633**	$ 117,304	18
Interest income	**204**	87	134
	138,837	117,391	18
Operating expenses	**16,474**	12,785	29
DD&A expenses	**32,286**	30,036	7
G&A expenses	**6,599**	3,313	99
Equity tax	**-**	8,050	-
Foreign exchange loss	**23,358**	5,321	339
	78,717	59,505	32
Segment income before income taxes	**$ 60,120**	$ 57,886	4
Production			
Oil and NGL's, bbl	**1,249,581**	1,203,615	4
Natural gas, Mcf	**9,474**	55,257	(83)
Total production, BOE (1)	**1,251,160**	1,212,825	3
Average Prices			
Oil and NGL's, per bbl	**$ 110.92**	$ 97.27	14
Natural gas, per Mcf	**$ 3.39**	$ 4.04	(16)
Segmented Results of Operations (per BOE)			
Oil and natural gas sales	**$ 110.80**	$ 96.72	15
Interest income	**0.16**	0.07	129
	110.96	96.79	15
Operating expenses	**13.17**	10.54	25
DD&A expenses	**25.80**	24.77	4
G&A expenses	**5.27**	2.73	93
Equity tax	**-**	6.64	-
Foreign exchange loss	**18.67**	4.39	(325)
	62.91	49.07	28
Segment income before income taxes	**$ 48.05**	$ 47.72	1

(1) Production represents production volumes NAR adjusted for inventory changes. NGL volumes are converted to BOE on a one-to-one basis with oil. Gas volumes are converted to BOE at the rate of 6 Mcf of gas per bbl of oil, based upon the approximate relative energy content of gas and oil, which rate is not necessarily indicative of the relationship of oil and gas prices.

For the first quarter of 2012, ***income before income taxes*** from Colombia amounted to $60.1 million compared with $57.9 million recorded for the comparable quarter in 2011. The increase is mainly due to higher oil sales due to increased production and higher prices and no Colombian equity tax expense, partially offset by increases in operating, DD&A and G&A expenses and foreign exchange losses.

For the first quarter of 2012, ***production of oil and NGLs***, NAR and adjusted for inventory changes, was 1.3 MMbbl, slightly higher than the comparable quarter in 2011 of 1.2 MMbbl. Increased production from new producing wells was offset by the impact of OTA pipeline disruptions and increased inventory due to a change in the sales point. Increases in production resulted from the development of the Moqueta field with six producing wells and production in the Garibay Block from the Jilguero -1 and -2 wells.

Production during the first quarter of 2012 was affected by approximately 26 days of oil delivery restrictions due to three separate OTA pipeline disruptions. We continued production at a reduced rate while the OTA pipeline was down, selling a portion of our oil through trucking and storing excess oil, resulting in a reduction in oil production, NAR and adjusted for inventory changes, of approximately 800 BOPD for the first quarter of 2012.

Also, as a result of entering into new oil sales and transportation agreements with Ecopetrol as of February 1, 2012, which changed the sales point of produced oil from Orito station to Tumaco Port, our reported oil inventory increased by approximately 121 Mbbl representing ownership of oil in the OTA pipeline and associated Ecopetrol owned facilities. This change in sales point and the increase in pipeline inventory had a corresponding one-time reduction in oil production, NAR and adjusted for inventory changes, of approximately 1,040 BOPD for the first quarter of 2012.

Production during the first quarter of 2011 was adversely affected by a maintenance program at the Tumaco Port offloading terminal between December 28, 2010 and February 7, 2011 which reduced sales through the OTA pipeline.

As a result of achieving gross field production of five MMbbl in our Costayaco field in the fourth quarter of 2009, we are subject to an additional government royalty payable. This royalty is calculated on 30% of field production revenue over an inflation adjusted trigger point. That trigger point for Costayaco oil was $32.61 in the first quarter of 2012. Production revenue for this calculation is based on production volumes net of other government royalty volumes. Average government royalties at Costayaco with gross production of 17,000 bbl of oil per day and $100 WTI price per bbl are approximately 27.6%, including the additional government royalty of approximately 20.2%. The ANH sliding scale royalty at 17,000 bbl of oil per day is approximately 9.2% and this royalty is deductible prior to calculating the additional government royalty.

Revenue and other income increased by 18% to $138.8 million in the first quarter of 2012 compared with $117.4 million in the comparable quarter in 2011. Oil and natural gas sales were positively affected by higher net realized oil prices in the first quarter of 2012 and increased production. The average net realized price for oil in the first quarter of 2012 was $110.92 per bbl, an increase of 14% from the comparable quarter in 2011.

Operating expenses for the first quarter of 2012 increased to $16.5 million, or $13.17 per BOE, from $12.8 million, or $10.54 per BOE in the comparable quarter in 2011. Operating expenses per BOE were higher in the first quarter of 2012 due to OTA pipeline oil transportation costs now recorded as operating costs and increased production at Moqueta and Jilguero with higher per BOE operating costs. Under the new sales agreements with Ecopetrol, effective February 1, 2012, our oil sales point moved from Orito to the Port of Tumaco. OTA transportation costs were previously factored into the price we received for oil, but are now invoiced separately and included in operating costs. This is expected to result in an increase in OTA oil transportation costs of $3.49 per bbl. The effect of increased transportation costs was partially offset by a decrease in trucking costs as compared to the same period in 2011. Workover costs were $0.25 per BOE higher than the comparable quarter in 2011 due to increased activity in the Costayaco field .

For the first quarter of 2012, ***DD&A expenses*** increased to $32.3 million from $30.0 million in the comparable quarter in 2011 due to higher production levels. DD&A expenses were $25.80 per BOE which was consistent with $24.77 per BOE in the comparable quarter in 2011. Increased costs in our depletable pools were offset by increased reserves.

G&A expenses for the first quarter of 2012 increased to $6.6 million ($5.27 per BOE) from $3.3 million ($2.73 per BOE) in the comparable quarter in 2011. The increase was mainly due to increased salaries and stock-based compensation resulting from an increased headcount and increased consulting fees related to expanded operations and a full quarter of Petrolifera's G&A expenses.

Equity tax of $8.1 million in the three months ended March 31, 2011 represents a Colombian tax of 6% on a legislated measure which is based on our Colombian segment's balance sheet equity at January 1, 2011. Equity tax is assessed every four years.

The results for the first quarter of 2012 included a ***foreign exchange loss*** of $23.4 million, of which $21.4 million was an unrealized non-cash foreign exchange loss on the translation of Colombian peso denominated current and deferred taxes to the U.S. dollar functional currency. For the comparable quarter in 2011, the foreign exchange loss was $5.3 million, of which $4.4 million was unrealized. The Colombian Peso strengthened by 8% and 2% against the U.S. dollar in the first quarter of 2012 and 2011, respectively, resulting in the unrealized foreign exchange loss. A strengthening in the Colombian peso against the U.S. dollar results in foreign exchange losses, estimated at $104,000 for each one peso decrease in the exchange rate of the Colombian peso to one U.S. dollar.

Capital Program - Colombia

Capital expenditures in our Colombian segment during the first quarter of 2012 were $20.3 million, a decrease of 52% from the comparable quarter in 2011. The following table provides a breakdown of capital expenditures during the first quarter of 2012 and 2011:

(Millions of U.S. Dollars)	**Three Months Ended March 31,**	
	2012	**2011**
Drilling and completion	**$ 10.5**	$ 30.4
Facilities and equipment	**1.8**	5.1
G&G	**7.1**	0.9
Other	**0.9**	5.9
	$ 20.3	$ 42.3

The significant elements of our first quarter 2012 Capital Program in Colombia were as follows:

- ***Costayaco Field, Chaza Block (100% working interest and operator)***

The Costayaco-15 water injector well was spud on January 25, 2012 and reached a total depth of 10,069 feet. This well is intended to assist in maintaining reservoir pressure.

- ***Moqueta Field, Chaza Block (100% working interest and operator)***

We initiated pre-drilling activities on the Moqueta-7 development well. This well is expected to be drilled from the Moqueta-4 surface location in order to further investigate the down dip limits of the oil columns encountered in the Villeta U, Villeta T and Caballos formation reservoirs. We plan to target the oil water contact with the Moqueta-7 development well, which will either be used as an oil producer or water injector for pressure support depending on the well results.

We completed 3D seismic acquisition over the Moqueta structure and interpretation is ongoing. Combining the results of the Moqueta-7 well with the seismic interpretation will aid in the full field development plan.

- ***Verdeyaco Field, Guayuyaco Block (70% working interest and operator)***

We completed the acquisition of 3D seismic.

- ***Azar Block (40% working interest and operator)***

We commenced civil construction for the La Vega Este-1 oil exploration well.

Outlook - Colombia

The 2012 capital program in Colombia is $196 million with $107 million allocated to drilling, $37 million to facilities and pipelines and $52 million for G&G expenditures.

Our planned work program for the remainder of 2012 in Colombia includes the following:

Exploration Activities

- Together with our partner, we are evaluating options for testing additional reservoir intervals, potentially drilling an appraisal well and implementing an early production program on the Ramiriqui-1 exploration well on the Llanos -22 Block. We are awaiting approval from the ANH of the transfer of our 45% working interest in this Block.

- On the Azar Block, a drilling rig was mobilized to the La Vega Este-1 wellsite. The La Vega Este-1 well is expected to spud in the second quarter of 2012.

- We expect to drill the Bordon-1 oil exploration well on the Garibay Block and the Verdeyaco-1 oil exploration well on the Guayuyaco Block in the second half of 2012.

Development and Delineation Activities

In the Costayaco field, we plan to drill three additional development wells: the Costayaco -7ST water injector well; and two production wells, Costayaco -16 and -17. In the Moqueta field, we plan to drill two development wells: Moqueta -7; and Moqueta -8, a further water injector well. We also plan to drill the Brillante -3 natural gas delineation well in the Sierra Nevada Block.

Facilities and Equipment

Facilities work will include continued electrification of the Moqueta fields, water injection facilities and a production battery at the Jilguero oil discovery.

G&G

G&G work will consist of 3D and 2D seismic planned for the Llanos 22, Chaza, Garibay, Piedemonte Norte, Piedemonte Sur, Putumayo -1 and Putumayo -10 Blocks to mature leads and prospects for drilling in 2013 and beyond.

Segmented Results – Argentina

	Three Months Ended March 31,		
	2012	**2011**	**% Change**
(Thousands of U.S. Dollars)			
Oil and natural gas sales	**$ 15,369**	$ 4,992	208
Interest income	**47**	-	-
	15,416	4,992	209
Operating expenses	**7,346**	3,547	107
DD&A expenses	**5,925**	1,147	417
G&A expenses	**2,251**	918	145
Foreign exchange loss (gain)	**371**	(190)	295
	15,893	5,422	193
Segment loss before income taxes	**$ (477)**	$ (430)	11
Production			
Oil and NGL's, bbl	**199,300**	89,838	122
Natural gas, Mcf	**363,473**	39,060	831
Total production, BOE (1)	**259,879**	96,348	170
Average Prices			
Oil and NGL's, per bbl	**$ 70.87**	$ 54.54	30
Natural gas, per Mcf	**$ 3.42**	$ 2.37	44
Segmented Results of Operations (per BOE)			
Oil and natural gas sales	**$ 59.14**	$ 51.81	14
Interest income	**0.18**	-	-
	59.32	51.81	14
Operating expenses	**28.27**	36.81	(23)
DD&A expenses	**22.80**	11.90	92
G&A expenses	**8.66**	9.53	(9)
Foreign exchange loss (gain)	**1.43**	(1.97)	173
	61.16	56.27	9
Segment loss before income taxes	**$ (1.84)**	$ (4.46)	(59)

(1) Production represents production volumes NAR adjusted for inventory changes. NGL volumes are converted to BOE on a one-to-one basis with oil. Gas volumes are converted to BOE at the rate of 6 Mcf of gas per bbl of oil, based upon the approximate relative energy content of gas and oil, which rate is not necessarily indicative of the relationship of oil and gas prices.

For the first quarter of 2012, ***loss before income taxes*** in Argentina amounted to $0.5 million compared with $0.4 million in the comparable quarter in 2011. In the first quarter of 2012, increased oil and natural gas sales were more than offset by increased operating, DD&A and G&A expenses and a foreign exchange loss. Results of the Argentina segment were significantly affected by the inclusion of Petrolifera's results. The acquisition of Petrolifera on March 18, 2011, added seven blocks in the Neuquen Basin, including production from four blocks, to the Argentina segment. The impact of Petrolifera on the financial and operational results of the Argentina segment is discussed below.

Oil and NGL production, NAR and adjusted for inventory changes, increased 122% to 0.2 MMbbl for the first quarter of 2012 compared with 0.1 MMbbl for the comparable period in 2011. The increase was due a full quarter of Petrolifera production of 0.1 MMbbl, NAR and adjusted for inventory changes, in the first quarter of 2012 compared with 13 days of post-acquisition Petrolifera production in the comparable quarter.

Natural gas sales NAR relate solely to Petrolifera's properties. Natural gas sales amounted to 0.4 Bcf in the first quarter of 2012.

Overall, total production of oil and gas from the Argentina segment increased by 170% to 0.3 MMBOE in the first quarter of 2012.

Revenue and other income increased by 209% to $15.4 million in the first quarter of 2012 compared with $5.0 million in the comparable quarter in 2011. The increase was primarily due to higher production due to the inclusion of Petrolifera's oil and gas production and increased prices. Average oil prices increased by 30% in the first quarter of 2012 compared with the comparable quarter in 2011.

Due to the Argentine regulatory regime, the average oil price we received for production from our blocks during the first quarter of 2012 was $70.87 per bbl. Currently most oil and gas producers in Argentina are operating without sales contracts for periods longer than several months. We are continuing deliveries to refineries and are negotiating a price for those deliveries on a regular and short-term basis. We have recently been able to negotiate higher oil prices with refineries as a result of the Argentine government's decision to allow an increase in domestic petroleum product prices.

Operating expenses in the first quarter of 2012 amounted to $7.3 million compared with $3.5 million in the comparable quarter in 2011. Petrolifera's operating expenses were $4.8 million in the first quarter of 2012 compared with $0.6 million in the comparable quarter in 2011. Operating expenses were $28.27 per BOE in the first quarter of 2012 compared with $36.81 per BOE in the comparable quarter in 2011. Workover costs decreased by $2.61 per BOE as a result of more workovers being performed in the comparable quarter in 2011, particularly in the Palmar Largo Block. Other operating costs decreased as a result of a higher percentage of production being from blocks with lower per BOE transportation and operating costs, such as the Puesto Morales Block.

DD&A expenses in the first quarter of 2012 were $5.9 million compared with $1.1 million in the comparable quarter in 2011. Petrolifera's DD&A expense was $3.6 million in the first quarter of 2012. DD&A expenses per BOE in the first quarter of 2012 were $22.80, significantly higher than DD&A expenses in the comparable quarter of $11.90 due to a reduction of reserves at December 31, 2011.

G&A expenses in the first quarter of 2012 were $2.3 million ($8.66 per BOE) compared with $0.9 million ($9.53 per BOE) in the comparable quarter in 2011. The increase was primarily due to the inclusion of Petrolifera's G&A and increased headcount and consulting fees as a result of expanded operations.

Capital Program - Argentina

Capital expenditures in our Argentine segment during the first quarter of 2012 were $14.1 million, including drilling expenditures of $11.5 million, G&G expenses of $1.4 million, facilities expenses of $0.6 million and other expenditures of $0.6 million. In the comparative quarter in 2011, capital expenditures in our Argentine segment were $11.6 million mainly relating to Valle Morado drilling for $13.5 million, El Chivil facilities for $0.7 million and Santa Victoria expenditures of $0.2 million offset by farmout proceeds of $3.3 million.

The significant elements of our first quarter 2012 Capital Program in Argentina were as follows:

- ***Surubi Block (85% working interest and operator)***

We completed drilling and tested the Proa -2 appraisal well, the second well in the Proa oil field. The successful well encountered approximately 31 meters of net pay in two Palmar Largo intervals. Production tests were performed on the two intervals independently, resulting in combined natural flow rates of 6,300 BOPD gross. The well went on production in the second quarter of 2012 at a constrained rate of approximately 2,000 BOPD gross to further analyze reservoir performance while additional transportation capacity is evaluated.

- ***Puesto Morales Block (100% working interest and operator)***

The PMN-1121 development well spud during December 2011 and is now on production. It reached a total depth of 1,700 meters and encountered oil in the Sierras Blancas and Loma Montosa formations. Flow rate tested at 128 BOPD. We also completed workovers on this Block.

- ***Rinconada Sur Block (100% working interest and operator)***

The R.-1036 development well spud in December 2011 and is now on production. It reached a total depth of 1,200 meters and encountered oil in the Sierras Blancas formation. Flow rate tested at 145 BOPD. The R.x-1059 exploration well spud in January 2012 and reached a total depth of 1,148 meters. The well is currently shut-in for further evaluation.

- ***Rinconada Norte Block (35% non-operated working interest)***

The RN x-1000 and RN x-1001 exploration wells were shut in after reaching total depths of 1,050 meters and 1,250 meters, respectively.

Outlook – Argentina

The 2012 capital program in Argentina is $47 million with $33 million allocated to drilling, $7 million to facilities and pipelines, and $7 million to G&G expenditures.

Our planned work program for the remainder of 2012 in Argentina includes drilling an oil exploration well on each of the Rinconada Sur Block and the Puesto Guevara Block, six gross development wells on the Puesto Morales Block and conducting nine workovers on existing wells in Argentina. The intention of the drilling program is to improve recovery of oil in place and grow production. We also plan to drill and are also evaluating the potential to drill a gas exploration well in the Santa Victoria Block in early 2013.

Segmented Results – Peru

	Three Months Ended March 31,		
	2012	**2011**	**% Change**
(Thousands of U.S. Dollars)			
Interest income	**$ 15**	$ -	-
Operating expenses	**$ 81**	$ 64	26
DD&A expenses	**115**	31,933	-
G&A expenses	**616**	565	9
Foreign exchange (gain) loss	**(70)**	63	(212)
	742	32,625	(98)
Segment loss before income taxes	**$ (727)**	$ (32,625)	(98)

DD&A expenses in the first quarter of 2011 included a $31.9 million ceiling test impairment in our Peru cost center relating to seismic and drilling costs

related to a dry hole.

Capital Program – Peru

Capital expenditures in our Peruvian segment during the first quarter of 2012 were $16.7 million, including G&G and acquisition expenses of $14.5 million and other expenditures of $2.2 million. In the comparative quarter, capital expenditures in our Peruvian segment were $14.3 million mainly related to the drilling of Kanatari -1 on Block 128.

The significant elements of our first quarter 2012 Capital Program in Peru were as follows:

- ***Block 95 (60% working interest and operator)***

On January 17, 2012, PeruPetro S.A. signed the assignment documents for Block 95, officially transferring 60% of the block to us. A drilling site location has been identified for the first exploration well on Block 95 and civil construction of a platform and dock facility started in the first quarter of 2012. The block continues to be in Force Majeure.

- ***Blocks 107 and 133 (100% working interest and operator)***

We acquired an over-riding royalty interest in Block 107 that was held by a third party. Permitting for drilling on Block 107 is advancing, with drilling expected to begin in 2013. G&G studies are ongoing on the adjacent Block 133 where we expect to acquire airborne gravity magnetics data this year.

- ***Blocks 123 and 129 (20% non-operated working interest)***

The acquisition of an infill 2D seismic program began in the first quarter of 2012.

Outlook - Peru

The 2012 capital program in Peru is $78 million with $47 million allocated to drilling, $1 million to facilities and pipelines and $30 million for G&G expenditures.

Our planned work program for the remainder of 2012 in Peru includes drilling one gross exploration well on Block 95, pre drilling activities on Block 107 and an infill 2D seismic program for Blocks 123 and 129.

Results - Corporate Activities and Operations in Brazil

	Three Months Ended March 31,		
	2012	**2011**	**% Change**
(Thousands of U.S. Dollars)			
Oil and natural gas sales	**$ 1,246**	$ -	-
Interest income	**437**	136	222
	1,683	136	-
Operating expenses	**585**	-	-
DD&A expenses	**22,041**	241	-
G&A expenses	**6,434**	8,842	(27)
Financial instruments gain	-	(230)	-
Gain on acquisition	-	(24,300)	-
Foreign exchange loss	**717**	5	-
	29,776	(15,442)	(293)
Segment (loss) income before income taxes	**$ (28,093)**	$ 15,578	(280)

Corporate activities include costs associated with our headquarters in Calgary, Alberta, Canada, and expenses related to technical reviews, business development and compliance and reporting under securities regulations.

Oil and natural gas sales and ***operating expenses*** in the first quarter of 2012 represented sales and operating expense from Block 155 in the onshore Recôncavo Basin of Brazil. We began earning revenue from this block on June 15, 2011, the date regulatory approval was received for the purchase of our 70% participating interest in that block.

DD&A expenses in the first quarter of 2012 of $22.0 million included a ceiling test impairment loss of $20.2 million in our Brazil cost center. The impairment loss related to seismic and drilling costs on Block BM-CAL-10. The farmout agreement for that block terminated during the first quarter of 2012 when we provided notice that we would not enter into the second exploration period. DD&A expense also included $1.6 million of depletion and depreciation in Brazil primarily related to Block 155 which began production mid-2011.

G&A expenses in the first quarter of 2012 were $6.4 million compared with $8.8 million in the comparable quarter in 2011. In 2011, G&A expenses included $1.2 million related to the acquisition of Petrolifera. In 2012, increases in salary, stock-based compensation expense and consulting charges due to expanded operations, were offset by an increase in the amount of costs recovered from business segments or capitalized in Brazil.

Gain on acquisition in the three months ended 2011 related to the acquisition of Petrolifera. The gain reflected the impact on Petrolifera's pre-acquisition market value of their lack of liquidity and capital resources required to maintain production and reserves and further develop and explore their inventory of prospects.

The ***foreign exchange loss*** resulted from the translation of foreign currency denominated transactions to U.S. dollars.

Capital Program – Corporate and Brazil

Capital expenditures in Corporate and Brazil during the first quarter of 2012 were $36.5 million, including $23.8 million paid in relation to Block BM-CAL-10, $11.3 million of drilling expenditures and $1.4 million of other expenditures. I n the comparative quarter in 2011, c apital expenditures were $0.9 million.

The significant elements of our first quarter 2012 Capital Program in Brazil were as follows:

- ***Blocks 129, 142, 155 and 224 (70% working interest and operator)***

The 3-GTE-03D-BA and 3-GTE-4DPA-BA appraisal wells on Block 155 spud on December 1, 2011 and January 8, 2012. Additionally, we purchased long-lead inventory items for these wells. Pre-drilling activities for the 1-GTE-6-BA exploration well on Block 142 also commenced in the first quarter of 2012.

- ***BM-CAL-7 Block, Camamu Basin (10% non-operated working interest)***

During the first quarter of 2012, we received regulatory approval from the ANP for the Block BM-CAL-7 farmout agreement. Purchase consideration of $0.7 million was paid and the assignment became effective on April 3, 2012 .

- ***BM-CAL-10 Block, Camamu Basin***

We recognized $23.8 million of capital expenditures in relation to the Block BM-CAL-10 farmout agreement upon our decision to withdraw from this agreement.

Outlook – Brazil

The 2012 capital program in Brazil is $122 million with $107 million allocated to drilling and acquisition costs, $12 million to facilities and pipelines and $3 million to G&G expenditures.

Our planned work program for the remainder of 2012 in Brazil includes:

- The 3-GTE-03D-BA and 3-GTE-4DPA-BA appraisal wells on Block 155 are expected to be tested and on production in mid-2012. Additionally, we are preparing the necessary ANP documents for the declaration of commerciality and the development plan for the field.
- Also on Block 155, we expect to commence drilling the 1-GTE-5-BA oil exploration well in the second half of 2012.
- On Block 142, drilling of the first horizontal sidetrack well, planned to be drilled from the 1-GTE-01-BA pilot hole, is expected to commence in mid-2012, subject to rig availability. This will be the first of three horizontal sidetrack wells that we expect to drill to test the productivity of the light oil sandstone reservoir targets in the Recôncavo Basin. Completion of the 1-GTE-01-BA well is pending the results of the horizontal leg drilling.
- Additionally, we expect to drill the 1-GTE-6-BA oil exploration well from the 1-GTE-02-BA well bore on Block 129. We anticipate the horizontal sidetrack operations will start in the fourth quarter of 2012, with completion pending the results of the horizontal leg. Completion of the 1-GTE-02-BA well is pending the results of the horizontal leg drilling.
- Planned facilities work includes additional tankage, pipelines and gas facilities on Block 155.
- On January 20, 2012, we entered into a purchase and sale agreement to acquire the remaining 30% participating interest in Blocks 129, 142, 155 and 224 from our partner. The completion of the purchase is subject to ANP approval.

Liquidity and Capital Resources

At March 31, 2012, we had cash and cash equivalents of $230.1 million compared with $351.7 million at December 31, 2011.

We believe that our cash position and cash generated from operations will provide us with sufficient liquidity to meet our strategic objectives and planned capital program for the current year, at current oil and production levels. In accordance with our investment policy, cash balances are held in our primary cash management bank, HSBC Bank plc., in interest earning current accounts or are invested in U.S. or Canadian government-backed federal, provincial or state securities with the highest credit ratings and short-term liquidity. We believe that our current financial position provides us the flexibility to respond to both internal growth opportunities and those available through acquisitions.

At March 31, 2012, 79% of our cash and cash equivalents was held by our foreign subsidiaries. This balance is not available to fund domestic operations unless funds are repatriated. We do not intend to repatriate funds, but if we did we would have to accrue and pay taxes.

Effective July 30, 2010, we established a credit facility with BNP Paribas for a three-year term which may be extended or amended by agreement between the parties. This reserve based facility has a maximum borrowing base of up to $100 million and is supported by the present value of our Colombian petroleum reserves of two of our subsidiaries with operating branches in Colombia – Gran Tierra Energy Colombia Ltd. and Solana Petroleum Exploration (Colombia) Ltd. The initial committed borrowing base is $20 million. Amounts drawn down under the facility bear interest at the U.S. dollar LIBOR rate plus 3.5%. In addition, a stand-by fee of 1.5% per annum is charged on the unutilized balance of the committed borrowing base and is included in G&A expenses. Under the terms of the facility, we are required to maintain and were in compliance with certain financial and operating covenants. At March 31, 2012 and December 31, 2011, we had not drawn down any amounts under this facility. In February 2012, BNP Paribas announced the sale of its North American reserve based lending business to Wells Fargo Bank NA. This credit facility is expected to be part of that sale. Closing documents are being processed, and the sale is expected to be finalized in the second quarter of 2012.

As part of the acquisition of Petrolifera, we assumed a reserve backed credit facility with outstanding balance as at the acquisition date of $31.3 million. The outstanding balance was repaid when the Argentine restriction preventing its repayment expired on August 5, 2011. The credit facility bore interest at LIBOR plus 8.25% and was partially secured by the pledge of the shares of Petrolifera's subsidiaries.

Cash Flows

During the first quarter of 2012, our cash and cash equivalents decreased by $121.6 million as a result of cash used in operating activities of $13.5 million, cash used in investing activities of $109.0 million, partially offset by cash provided by financing activities of $0.9 million.

Cash used in operating activities in the first quarter of 2012 was positively affected by increased production and oil prices; however, these positive contributions were offset by increased operating and G&A expenses and a $92.4 million increase in assets and liabilities from operating activities. The main changes in assets and liabilities from operating activities were as follows: accounts receivable increased by $76.2 million due to due to increased sales and the timing of collection of receivables; inventory increased by $7.2 million due to the new transportation agreement in Colombia; accounts payable and accrued liabilities decreased by $21.0 million; partially offset by an increase in taxes payable of $24.8 million due to increased taxable income in Colombia. The decrease in accounts payable and accrued liabilities was due to a $19.0 million reduction in royalties payable due to royalty payments and a $13.7 million reduction in VAT payable, partially offset by a $12.0 million increase in capital expenditure related liabilities. Capital expenditure related accrued liabilities included $23.8 million related to the Block BM-CAL-10 at March 31, 2012.

Cash outflows from investing activities in the first quarter of 2012 included capital expenditures of $78.0 million and an increase in restricted cash of $31.0 million.

Cash provided by financing activities in the first quarter of 2012 related to proceeds from issuance of common shares.

Off-Balance Sheet Arrangements

As at March 31, 2012, we had no off-balance sheet arrangements.

Contractual Obligations

The following is a schedule by year of purchase obligations, future minimum payments for firm agreements and leases that have initial or remaining non-cancellable lease terms in excess of one year as of March 31, 2012:

	As at March 31, 2012				
	Payments Due in Period				
(Thousands of U.S. Dollars)	**Total**	**Less than 1 Year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
Oil transportation services	**$ 36,922**	$ 13,072	$ 7,100	$ 7,100	$ 9,650
Drilling and geological and geophysical	**58,336**	47,086	11,250	-	-
Completions	**24,821**	19,201	5,620	-	-
Facility construction	**41,389**	24,557	16,832	-	-
Operating leases	**7,661**	3,085	3,142	1,434	-
Software and telecommunication	**4,790**	3,811	979	-	-
Consulting	**1,989**	1,989	-	-	-
Total	**$ 175,908**	**112,801**	**44,923**	**8,534**	**9,650**

Contractual commitments increased from $146.2 million at December 31, 2011 mainly as a result of increased drilling cost commitments for Block 95 in Peru and the Recôncavo Basin Blocks in Brazil and increased facilities cost commitments for the Puesto Morales Block in Argentina.

At March 31, 2012, we had also provided promissory notes totalling $24.5 million as security for letters of credit relating to work commitment guarantees contained in exploration contracts.

Related Party Transactions

On January 12, 2011, we entered into an agreement to sublease office space to a company of which our President and Chief Executive Officer serves as an independent director. The term of the sublease runs from February 1, 2011 to January 30, 2013 and the sublease payment is $4,400 per month plus

approximately $5,600 of operating and other expense.

On August 3, 2010, we entered into a contract related to the Peru drilling program with a company for which one of our directors is a shareholder and director. For the three months ended March 31, 2012, $nil million was incurred and capitalized under this contract (three months ended March 31, 2011 - $2.0 million) and at March 31, 2012, $nil was included in accounts payable related to this contract (December 31, 2011 - $nil).

On February 1, 2009, we entered into a sublease for office space with a company, of which one of our directors is a shareholder and director. The term of the sublease ran from February 1, 2009 to August 31, 2011 and the sublease payment was $8,000 per month plus approximately $4,700 for operating and other expenses.

Critical Accounting Policies and Estimates

Our critical accounting policies and estimates are disclosed in Item 7 of our 2011 Annual Report on Form 10-K, filed with the SEC on February 27, 2012, and have not changed materially since the filing of that document.

Item 3 - Quantitative and Qualitative Disclosures About Market risk

Our principal market risk relates to oil prices. Most of our revenues are from oil sales at prices which are defined by contract relative to WTI or Brent and adjusted for transportation and quality each month. In Argentina, a further discount factor which is related to a tax on oil exports establishes a common pricing mechanism for all oil produced in the country, regardless of its destination.

Foreign currency risk is a factor for our company but is ameliorated to a large degree by the nature of expenditures and revenues in the countries where we operate. We have not engaged in any formal hedging activity with regard to foreign currency risk. Our reporting currency is U.S. dollars and essentially 100% of our revenues are related to the U.S. dollar price of WTI or Brent oil.

In Colombia, we receive 100% of our revenues in U.S. dollars and the majority of our capital expenditures are in U.S. dollars. In Argentina and Brazil, prices for oil are in U.S. dollars, but revenues are received in local currency translated according to current exchange rates. The majority of our capital expenditures within Argentina and Brazil are based on U.S. dollar prices, but are paid in local currency translated according to current exchange rates. The majority of our capital expenditures in Peru are in U.S. dollars. The majority of office expenditures and income and value added taxes in all locations are in local currency. While we operate in South America exclusively, the majority of our acquisition expenditures have been valued and paid in U.S. dollars.

Additionally, unrealized foreign exchange gains and losses result from the fluctuation of the U.S. dollar to the Colombian peso due to our current and deferred tax liabilities, monetary liabilities, which are mainly denominated in the local currency of the Colombian foreign operations. As a result, a foreign exchange gain or loss must be calculated on conversion to the U.S. dollar functional currency. A strengthening in the Colombian peso against the U.S. dollar results in foreign exchange losses, estimated at $104,000 for each one peso decrease in the exchange rate of the Colombian peso to one U.S. dollar.

We consider our exposure to interest rate risk to be immaterial. Our interest rate exposures primarily relate to our investment portfolio. Our investment objectives are focused on preservation of principal and liquidity. By policy, we manage our exposure to market risks by limiting investments to high quality bank issues at overnight rates, or government securities of the United States or Canadian federal governments such as Guaranteed Investment Certificates or Treasury Bills. A 10% change in interest rates would not have a material effect on the value of our investment portfolio. We do not hold any of these investments for trading purposes. We do not hold equity investments, and we have no debt.

Item 4. - Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Disclosure Controls and Procedures

We have established disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or Exchange Act). Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report, as required by Rule l3a-15(e) of the Exchange Act. Based on their evaluation, our principal executive and principal financial officers have concluded that Gran Tierra's disclosure controls and procedures were effective as of March 31, 2012 to provide reasonable assurance that the information required to be disclosed by Gran Tierra in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings

Gran Tierra is subject to a third party 10% net profits interest on 50% of Gran Tierra’s production from the Chaza Block that arises from the original acquisition in 2006 of 50% of Gran Tierra’s interest in the Chaza Block Contract. There is currently a disagreement between Gran Tierra and the third party

as to the calculation of the net profits interest. Gran Tierra and the third party have agreed to resolve this issue through arbitration. An arbitration hearing was heard in Texas, in accordance with the rules of the American Arbitration Association, in the fourth quarter of 2011. We now expect to receive the arbitrator's decision in the second quarter of 2012. At this time no amount has been accrued in the financial statements as Gran Tierra does not consider it probable that a loss will be incurred. The disputed amount at March 31, 2012 is $10.9 million. If Gran Tierra is unsuccessful in arbitration this would also increase future net profit interests payable to this third party.

Gran Tierra's production from the Costayaco field is subject to an additional royalty that applies when cumulative gross production from a commercial field is greater than five million barrels. This additional royalty is calculated on the difference between a trigger price defined by the Agencia Nacional de Hidrocarburos (National Hydrocarbons Agency) ("ANH") and the sales price. The ANH has requested that the additional compensation be paid with respect to production from wells relating to the Moqueta discovery and has initiated a noncompliance procedure under the Chaza Contract. The Moqueta discovery is not located in the Costayaco Exploitation Area. Further, Gran Tierra views the Costayaco field and the Moqueta discovery as two clearly separate and independent hydrocarbon accumulations. Therefore, it is Gran Tierra's view that it is clear that, pursuant to the Chaza Contract, the additional compensation payments are only to be paid with respect to production from the Moqueta wells when the accumulated oil production from any new Exploitation Area created with respect to the Moqueta discovery exceeds five million barrels. As at March 31, 2012, total cumulative production from the Moqueta field was 0.4 MMbbl. The estimated compensation which would be payable on cumulative production to date if the ANH's interpretation is successful is $7.4 million. At this time no amount has been accrued in the financial statements as Gran Tierra does not consider it probable that a loss will be incurred.

We have several other lawsuits and claims pending for which we currently cannot determine the ultimate result. We record costs as they are incurred or become determinable. We believe the resolution of these matters would not have a material adverse effect on our consolidated financial position or results of operations.

Item 1A. Risk Factors

The risks relating to our business and industry, as set forth in our Annual Report on Form 10-K for the year ended December 31, 2011, filed with the Securities and Exchange Commission on February 27, 2012, are set forth below and are unchanged substantively at March 31, 2012, other than those designated by an asterisk "*".

Risks Related to Our Business

Our Lack of Diversification Will Increase the Risk of an Investment in Our Common Stock.

Our business focuses on the oil and gas industry in a limited number of properties in Colombia, Argentina, Peru, and Brazil. Most of our production is in one basin in Colombia and two basins in Argentina. As a result, we lack diversification, in terms of both the nature and geographic scope of our business. Accordingly, factors affecting our industry or the regions in which we operate, including the geographic remoteness of our operations and weather conditions, will likely impact us more acutely than if our business was more diversified.

****We May Encounter Difficulties Storing and Transporting Our Production, Which Could Cause a Decrease in Our Production or an Increase in Our Expenses.***

To sell the oil and natural gas that we are able to produce, we have to make arrangements for storage and distribution to the market. We rely on local infrastructure and the availability of transportation for storage and shipment of our products, but infrastructure development and storage and transportation facilities may be insufficient for our needs at commercially acceptable terms in the localities in which we operate. This could be particularly problematic to the extent that our operations are conducted in remote areas that are difficult to access, such as areas that are distant from shipping and/or pipeline facilities. In certain areas, we may be required to rely on only one gathering system, trucking company or pipeline, and, if so, our ability to market our production would be subject to their reliability and operations. These factors may affect our ability to explore and develop properties and to store and transport our oil and gas production, and may increase our expenses. Furthermore, future instability in one or more of the countries in which we operate, weather conditions or natural disasters, actions by companies doing business in those countries, labor disputes or actions taken by the international community may impair the distribution of oil and/or natural gas and in turn diminish our financial condition or ability to maintain our operations.

The majority of our oil in Colombia is delivered by a single pipeline to Ecopetrol and sales of oil could be disrupted by damage to this pipeline or displaced by Ecopetrol's use of the pipeline itself. Starting in February 2012, we are operating under a new transportation contract with Ecopetrol which changes the point at which Ecopetrol takes delivery of our oil. Previously, Ecopetrol took delivery of our oil at the beginning of the export pipeline. Under the new transportation contract, Ecopetrol takes delivery at the end of the export pipeline. This creates a risk of loss of oil due to sabotage by guerrillas or theft from the pipeline which may result in reduced revenues and increased clean-up or third party costs. We have attempted to mitigate the risk of increased costs with insurance and are investigating potential ways to mitigate the reduced revenue risk. Ecopetrol maintains responsibility for clean-up of any spilled oil and for pipeline repair.

Problems with these pipelines can cause interruptions to our producing activities if they are for a long enough duration that our storage facilities become full. For example, we experienced disruptions in transportation on this pipeline in March and April of 2008, June, July and August of 2009, June, August, and September 2010, February 2011 and February and March 2012 as a result of sabotage by guerrillas. In addition, there is competition for space in these pipelines, and additional discoveries in our area of operations by other companies could decrease the pipeline capacity available to us. Trucking is an alternative to transportation by pipeline; however, it is generally more expensive and carries higher safety risks for us, our employees and the public.

As some of our oil production in Argentina is trucked to a local refinery, sales of oil in the Noroeste basin can be delayed by adverse weather and road conditions, particularly during the months November through February when the area is subject to periods of heavy rain and flooding. While storage facilities are designed to accommodate ordinary disruptions without curtailing production, delayed sales will delay revenues and may adversely impact our working capital position in Argentina. Furthermore, a prolonged disruption in oil deliveries could exceed storage capacities and shut-in production, which could have a negative impact on future production capability.

****Guerrilla Activity in Colombia Could Disrupt or Delay Our Operations and We Are Concerned About Safeguarding Our Operations and Personnel in Colombia.***

Over the years, our profile in Colombia has increased which creates a greater risk for us and our employees to be targeted by guerrilla or other criminal groups. Despite significant recent security gains, Colombia remains a country where safety is a significant concern. For over 40 years, the government has been

engaged in a civil war with two main Marxist guerrilla groups: the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN). Both of these groups have been designated as terrorist organizations by the United States and the European Union. In recent years, however, the government has successfully dissolved the AUC militia, a paramilitary group that originally sprouted up to combat the FARC and ELN. The dissolved AUC militia members have reorganized in the form of criminal gangs.

We operate principally in the Putumayo basin in Colombia, and have properties in other basins, including the Catatumbo, Cauca, Llanos, Middle Magdalena and Lower Magdalena basins. The Putumayo and Catatumbo regions have been prone to guerrilla activity. In 1989, our predecessor company's facilities in one field were attacked by guerrillas and operations were briefly disrupted. Again in October 2010, two of our sites in the Putumayo/Cauca were attacked by FARC guerrillas causing some disruption to operations. Pipelines have also been targets, including the Ecopetrol-operated OTA pipeline which transports oil from the Putumayo region. In March and April of 2008, in June, July, August and October of 2009, in June, August, and September 2010, in February 2011 and in February and March 2012, sections of the Trans Andean pipeline were sabotaged by guerrillas, which temporarily reduced our deliveries to Ecopetrol during the affected periods.

Continuing attempts by the Colombian government to reduce or prevent guerrilla activity may not be successful and guerrilla activity may disrupt our operations in the future. There can also be no assurance that we can maintain the safety of our field and Bogota head office personnel or operations in Colombia or that this violence will not affect our operations in the future and cause significant loss.

Our Business May Suffer If We Do Not Attract and Retain Talented Personnel.

Our success will depend in large measure on the abilities, expertise, judgment, discretion, integrity and good faith of our executive team and other personnel in conducting our business. The loss of any of these individuals or our inability to attract suitably qualified individuals to replace any of them could materially adversely impact our business. We are experiencing difficulties in finding and retaining suitably qualified staff in certain jurisdictions, particularly in Brazil, Argentina, Peru and Calgary, where experienced personnel in our industry are in high demand and competition for their talents is intense.

Our success depends on the ability of our management and employees to interpret market and geological data successfully and to interpret and respond to economic, market and other business conditions to locate and adopt appropriate investment opportunities, monitor such investments and ultimately, if required, successfully divest such investments. Further, our key personnel may not continue their association or employment with us and we may not be able to find replacement personnel with comparable skills. If we are unable to attract and retain key personnel, our business may be adversely affected.

****Our Oil Sales Will Depend on a Relatively Small Group of Customers, Which Could Adversely Affect Our Financial Results.***

Oil sales in Colombia are mainly to Ecopetrol. While oil prices in Colombia are related to international market prices, lack of competition and reliance on a limited number of customers for sales of oil may diminish prices and depress our financial results.

The entire Argentine domestic refining market is small and export opportunities are limited by available infrastructure. As a result, our oil and gas sales in Argentina will depend on a relatively small group of customers, and currently, on two significant customers. The lack of competition in this market could result in unfavorable sales terms which, in turn, could adversely affect our financial results. Currently all operators in Argentina are operating without long-term sales contracts. We cannot provide any certainty as to when the situation will be resolved or what the final outcome will be.

In Brazil, there are a number of potential customers for our oil, and we are working to establish relationships with as many as possible to ensure a stable market for our oil. Currently essentially all of our production in Brazil is sold to Petrobras. Petrobras' refinery in the area of our operations has had some technical difficulties which have restricted its ability to receive deliveries. Our second option in the area is at full capacity. This could mean that we cannot produce to full capacity in the area because of restrictions in being able to deliver our oil.

****Our Business is Subject to Local Legal, Political and Economic Factors Which are Beyond Our Control, Which Could Impair Our Ability to Expand Our Operations or Operate Profitably.***

We operate our business in Colombia, Argentina, Peru, and Brazil, and may eventually expand to other countries in the world. Exploration and production operations in foreign countries are subject to legal, political and economic uncertainties, including terrorism, military repression, social unrest, strikes by local or national labor groups, interference with private contract rights (such as privatization), extreme fluctuations in currency exchange rates, high rates of inflation, exchange controls, changes in tax rates, changes in laws or policies affecting environmental issues (including land use and water use), workplace safety, foreign investment, foreign trade, investment or taxation, as well as restrictions imposed on the oil and natural gas industry, such as restrictions on production, price controls and export controls. For example, starting on November 21, 2008, we were forced to reduce production in Colombia on a gradual basis, culminating on December 11, 2008 when we suspended all production from the Santana, Guayuyaco and Chaza blocks in the Putumayo Basin. This temporary suspension of production operations was the result of a declaration of a state of emergency and force majeure by Ecopetrol due to a general strike in the region. In January 2009, the situation was resolved and we were able to resume production and sales shipments. Starting in 2010, there was an increased presence of illegitimate unionization activities in the Putumayo Basin by the *Sindicato de Trabajadores Petroleros del Putumayo*, which disrupted our operations from time to time and may do so in the future. During 2012 and 2011, Argentina has experienced increased union activity and this may create disruptions in our Argentine operations in the future. We have also experienced related issues with landowners blocking access to our fields for short periods of time in Argentina. South America has a history of political and economic instability. This instability could result in new governments or the adoption of new policies, laws or regulations that might assume a substantially more hostile attitude toward foreign investment, including the imposition of additional taxes. In an extreme case, such a change could result in termination of contract rights and expropriation of foreign-owned assets. Any changes in oil and gas or investment regulations and policies or a shift in political attitudes in Argentina, Colombia, Peru or Brazil or other countries in which we intend to operate are beyond our control and may significantly hamper our ability to expand our operations or operate our business at a profit.

For instance, changes in laws in the jurisdiction in which we operate or expand into with the effect of favoring local enterprises, and changes in political views regarding the exploitation of natural resources and economic pressures, may make it more difficult for us to negotiate agreements on favorable terms, obtain required licenses, comply with regulations or effectively adapt to adverse economic changes, such as increased taxes, higher costs, inflationary pressure and currency fluctuations. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licenses and agreements for business. These licenses and agreements may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. Property right transfers, joint ventures, licenses, license applications or other legal arrangements pursuant to which we operate may be adversely affected by the actions of government authorities and the effectiveness of and enforcement of our rights under such arrangements in these jurisdictions may be impaired.

****We Have an Aggressive Business Plan, and if we do not Have the Resources to Execute on our Business Plan, We May Be Required to Curtail Our Operations.***

Our capital program for 2012 calls for approximately $444 million to fund our exploration and development, which we intend to fund through existing cash and cash flows from operations, with possible periodic draws from our revolving credit facility. Funding this program relies in part on oil prices remaining high and other factors to generate sufficient cash flow. If we are not able to generate the sales which, together with our current cash resources, are sufficient to fund our capital program, we will not be able to efficiently execute our business plan which would cause us to decrease our exploration and development, which could harm our business outlook, investor confidence and our share price.

Strategic and Business Relationships upon Which We May Rely are Subject to Change, Which May Diminish Our Ability to Conduct Our Operations.

Our ability to successfully bid on and acquire additional properties, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements will depend on developing and maintaining effective working relationships with industry participants and on our ability to select and evaluate suitable partners and to consummate transactions in a highly competitive environment. These relationships are subject to change and may impair our ability to grow.

To develop our business, we endeavor to use the business relationships of our management and board of directors to enter into strategic and business relationships, which may take the form of joint ventures with other private parties or with local government bodies, or contractual arrangements with other oil and gas companies, including those that supply equipment and other resources that we will use in our business. We also have an active business development program to develop those relationships and foster new relationships. We may not be able to establish these business relationships, or if established, we may choose the wrong partner or we may not be able to maintain them. In addition, the dynamics of our relationships with strategic partners may require us to incur expenses or undertake activities we would not otherwise be inclined to take to fulfill our obligations to these partners or maintain our relationships. If we fail to make the cash calls required by our joint venture partners in the joint ventures we do not operate, we may be required to forfeit our interests in these joint ventures. If our strategic relationships are not established or maintained, our business prospects may be limited, which could diminish our ability to conduct our operations.

In addition, in cases where we are the operator, our partners may not be able to fulfill their obligations, which would require us to either take on their obligations in addition to our own, or possibly forfeit our rights to the area involved in the joint venture. In addition, despite our partner's failure to fulfill its obligations, if we elect to terminate such relationship, we may be involved in litigation with such partners or may be required to pay amounts in settlement to avoid litigation despite such partner's failure to perform. Alternatively, our partners may be able to fulfill their obligations, but will not agree with our proposals as operator of the property. In this case there could be disagreements between joint venture partners that could be costly in terms of dollars, time, deterioration of the partner relationship, and/or our reputation as a reputable operator. These joint venture partners may not comply with their responsibilities or may engage in conduct that could result in liability to us.

In cases where we are not the operator of the joint venture, the success of the projects held under these joint ventures is substantially dependent on our joint venture partners. The operator is responsible for day-to-day operations, safety, environmental compliance and relationships with government and vendors.

We have various work obligations on our blocks that must be fulfilled or we could face penalties, or lose our rights to those blocks if we do not fulfill our work obligations. Failure to fulfill obligations in one block can also have implications on the ability to operate other blocks in the country ranging from delays in government process and procedure to loss of rights in other blocks or in the country as a whole. Failure to meet obligations in one particular country may also have an impact on our ability to operate in others.

Disputes or Uncertainties May Arise in Relation to our Royalty Obligations

Our production is subject to royalty obligations which may be prescribed by government regulation or by contract. These royalty obligations may be subject to changes in interpretation as business circumstances change.

In accordance with our Hydrocarbon Exploration and Exploitation Agreement with ANH for the Chaza Block in Colombia our oil production from each Exploitation Area on the Block is subject to the payment of additional compensation to the ANH over and above the basic sliding scale royalty that applies when cumulative gross production from an Exploitation Area exceeds five million barrels. Production from the Costayaco Exploitation Area on the Chaza Block became subject to this additional compensation in the fourth quarter of 2009 after cumulative production from the Costayaco field exceeded five million barrels.

The ANH has requested that the additional compensation be paid with respect to production from the recently drilled wells relating to the Moqueta discovery and has initiated a noncompliance procedure under the Chaza Contract. The Moqueta discovery is not located in the Costayaco Exploitation Area. Further, we view the Costayaco field and the Moqueta discovery as two clearly separate and independent hydrocarbon accumulations. Therefore, it is our view that it is clear that, pursuant to the Chaza Contract, the additional compensation payments are only to be paid with respect to production from the Moqueta wells when the accumulated oil production from any new Exploitation Area created with respect to the Moqueta discovery exceeds five million barrels. We have responded to the ANH in accordance with the provisions of the Chaza contract and are discussing the situation with them. However, no assurance can be made that our interpretation will prevail and, depending on the ultimate size of the cumulative production from the Moqueta field in the future, such amounts may be material if such additional compensation must be paid. As at March 31, 2012, total cumulative production from the Moqueta field was 0.4 MMbbl. The estimated compensation which would be payable on cumulative production to date if the ANH's interpretation is successful is $7.4 million. At this time no amount has been accrued in the financial statements as Gran Tierra does not consider it probable that a loss will be incurred.

In Brazil, a new regulatory regime was introduced; however, the royalty distribution between producing states has not been approved.

****Negative Political and Regulatory Developments in Argentina May Negatively Affect our Operations.***

The oil and natural gas industry in Argentina is subject to extensive regulation including land tenure, exploration, development, production, refining, transportation, and marketing, imposed by legislation enacted by various levels of government and, with respect to pricing and taxation of oil and natural gas, by agreements among the federal and provincial governments, all of which are subject to change and could have a material impact on our business in Argentina. The Federal Government of Argentina has implemented controls for domestic fuel prices and has placed a tax on oil and natural gas exports.

In October 2010, ENARGAS issued Regulation I-1410 aiming at securing the supply of natural gas to residential consumers and small industry given the decline in gas production and the expected growing demand for gas. The regulation includes all the procedures created by the authorities since 2004 (restrictions of exports, deviation of gas sales, to residential consumption) and gives ENARGAS power to control gas marketing in order to assure the supply of gas to residential consumers and small industry.

Any future regulations that limit the amount of oil and gas that we could sell or any regulations that limit price increases in Argentina and elsewhere could severely limit the amount of our revenue and affect our results of operations.

Currently most oil and gas producers in Argentina are operating without sales contracts. In 2008, a new withholding tax regime for exports was introduced

without specific guidance as to its application. The domestic price was regulated in a similar way, so that both exported and domestically sold products were priced the same. Producers and refiners of oil in Argentina were unable to determine an agreed sales price for oil deliveries to refineries. In our case, the refineries' price offered to oil producers reflects their price received, less taxes and operating costs and their usual mark up. Along with most other oil producers in Argentina, we are continuing negotiating sales on a spot price basis with one refiner, Refineria del Norte S.A, and the price is negotiated on a month by month basis. As a result of our acquisition of Petrolifera, we are now also selling our oil through short-term contracts to Shell Compania Argentina de Petroleo S.A. and YPF S.A. ("YPF") and natural gas to Rafael G. Albenesi S.A. The Provincial governments have also been hurt by these changes as their effective royalty take has been reduced and capital investment in oilfields has declined, and so they are lobbying to change the situation. We are working with other oil and gas producers in the area, as well as Refineria del Norte S.A., to lobby the federal government for change. The government introduced the Petro Plus and Gas Plus programs in 2009, which grant higher prices to producers that sell production from new reserves. This is a positive step forward that will hopefully lead to further opening of price regulation in Argentina.

Recently, the government of Argentina has been active in the oil and gas business. On April 16, 2012, the government announced their intention to acquire a 51% interest in YPF from Repsol S.A. (Respol S.A. holds 56.7% of YPF), and retain 51% control for the Federal Government and distribute 49% of the shares to Argentine provinces. Prior to this announcement, various provincial governments announced contract cancellations effecting YPF, Petrobras Argentina S.A., and Azabache Energy Inc., among others. The reason cited for the contract cancellations was lack of activity in the areas in question. We have experienced recent success in Argentina and have active programs in all areas, which we believe helps mitigate our risk. However, despite the fact that our operating entity in Argentina is a locally incorporated company the employees of which are all Argentine, we are viewed as a foreign company and could therefore face increased risk.

Foreign Currency Exchange Rate Fluctuations May Affect Our Financial Results.

We expect to sell our oil and natural gas production under agreements that will be denominated in United States dollars and foreign currencies. Many of the operational and other expenses we incur will be paid in the local currency of the country where we perform our operations. Our production in Argentina is primarily invoiced in United States dollars, but payment is made in Argentine pesos, at the then current exchange rate. As a result, we are exposed to translation risk when local currency financial statements are translated to United States dollars, our functional currency. Since September 1, 2005, exchange rates between the Colombian peso and U.S. dollar have varied between 1,648 pesos to one U.S. dollar to 2,632 pesos to one U.S. dollar, a fluctuation of approximately 60%. Since we began operating in Argentina (September 1, 2005), the rate of exchange between the Argentine peso and U.S. dollar has varied between 3.05 pesos to one U.S. dollar to 4.35 pesos to the U.S. dollar, a fluctuation of approximately 43%. Production in Brazil is invoiced and paid in Brazilian Reals. Since September 1, 2005, the exchange rate of the Brazilian Real has varied between 1.56 Real to one U.S. dollar to 2.45 Real to the U.S. dollar, a variance of 57%. A foreign exchange loss of $24.4 million, of which $21.4 million was an unrealized non-cash foreign exchange loss resulting from the translation of current and deferred tax liabilities, was recorded in the three months ended March 31, 2012. Current and deferred tax liabilities in Colombia are denominated in Colombian pesos and the strengthening of 8% in the Colombian Peso against the U.S. dollar in the three months ended March 31, 2012 resulted in the foreign exchange loss.

Exchange Controls and New Taxes Could Materially Affect our Ability to Fund Our Operations and Realize Profits from Our Foreign Operations.

Foreign operations may require funding if their cash requirements exceed operating cash flow. To the extent that funding is required, there may be exchange controls limiting such funding or adverse tax consequences associated with such funding. In addition, taxes and exchange controls may affect the dividends that we receive from foreign subsidiaries.

Exchange controls may prevent us from transferring funds abroad. For example, the Argentine government has imposed a number of monetary and currency exchange control measures that include restrictions on the free disposition of funds deposited with banks and tight restrictions on transferring funds abroad, with certain exceptions for transfers related to foreign trade and other authorized transactions approved by the Argentine Central Bank. The Central Bank may require prior authorization and may or may not grant such authorization for our Argentine subsidiaries to make dividend payments to us and there may be a tax imposed with respect to the expatriation of the proceeds from our foreign subsidiaries. The Brazilian government has similar regulations in place regarding foreign exchange controls.

Competition in Obtaining Rights to Explore and Develop Oil and Gas Reserves and to Market Our Production May Impair Our Business.

The oil and gas industry is highly competitive. Other oil and gas companies will compete with us by bidding for exploration and production licenses and other properties and services we will need to operate our business in the countries in which we expect to operate. Additionally, other companies engaged in our line of business may compete with us from time to time in obtaining capital from investors. Competitors include larger companies, which, in particular, may have access to greater resources than us, may be more successful in the recruitment and retention of qualified employees and may conduct their own refining and petroleum marketing operations, which may give them a competitive advantage. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests. In the event that we do not succeed in negotiating additional property acquisitions, our future prospects will likely be substantially limited, and our financial condition and results of operations may deteriorate.

Maintaining Good Community Relationships and Being a Good Corporate Citizen may be Costly and Difficult to Manage.

Our operations have a significant effect on the areas in which we operate. To enjoy the confidence of local populations and the local governments, we must invest in the communities where were operate. In many cases, these communities are impoverished and lack many resources taken for granted in North America. The opportunities for investment are large, many and varied; however, we must be careful to invest carefully in projects that will truly benefit these areas. Improper management of these investments and relationships could lead to a delay in operations, loss of license or major impact to our reputation in these communities, which could adversely affect our business.

Our Operations Involve Substantial Costs and are Subject to Certain Risks Because the Oil and Gas Industries in the Countries in Which We Operate are Less Developed.

The oil and gas industry in South America is not as efficient or developed as the oil and gas industry in North America. As a result, our exploration and development activities may take longer to complete and may be more expensive than similar operations in North America. The availability of technical expertise, specific equipment and supplies may be more limited than in North America. We expect that such factors will subject our international operations to economic and operating risks that may not be experienced in North American operations.

Further, we operate in remote areas and may rely on helicopter or other transport methods. Some of these transport methods may result in increased levels of risk and could lead to operational delays, serious injury or loss of life and could have a significant impact on our reputation.

Negative Political Developments in Peru May Negatively Affect our Proposed Operations.

Peru held a national election in June 2011 after which a new political regime was elected, led by the left-populist candidate, Ollante Humala, who was elected the President. Mr. Humala has noted that the past decade prioritized the strengthening of democracy with economic growth, while the new government will enhance social inclusion to benefit the neediest. This newly elected political regime may adopt new policies, laws and regulations that are more hostile toward foreign investment which may result in the imposition of additional taxes, the adoption of regulations that limit price increases, termination of contract rights, or the expropriation of foreign-owned assets. While we do not have any reserves or any producing wells in Peru at this point, we do hold significant land holdings in Peru and such actions by the newly elected political regime could limit the amount of our future revenue in that country and affect our results of operations.

The United States Government May Impose Economic or Trade Sanctions on Colombia That Could Result In A Significant Loss To Us.

Colombia is among several nations whose eligibility to receive foreign aid from the United States is dependent on its progress in stemming the production and transit of illegal drugs, which is subject to an annual review by the President of the United States. Although Colombia is currently eligible for such aid, Colombia may not remain eligible in the future. A finding by the President that Colombia has failed demonstrably to meet its obligations under international counternarcotics agreements may result in any of the following:

- all bilateral aid, except anti-narcotics and humanitarian aid, would be suspended;
- the Export-Import Bank of the United States and the Overseas Private Investment Corporation would not approve financing for new projects in Colombia;
- United States representatives at multilateral lending institutions would be required to vote against all loan requests from Colombia, although such votes would not constitute vetoes; and
- the President of the United States and Congress would retain the right to apply future trade sanctions.

Each of these consequences could result in adverse economic consequences in Colombia and could further heighten the political and economic risks associated with our operations there. Any changes in the holders of significant government offices could have adverse consequences on our relationship with ANH and Ecopetrol and the Colombian government's ability to control guerrilla activities and could exacerbate the factors relating to our foreign operations. Any sanctions imposed on Colombia by the United States government could threaten our ability to obtain necessary financing to develop the Colombian properties or cause Colombia to retaliate against us, including by nationalizing our Colombian assets.

Accordingly, the imposition of the foregoing economic and trade sanctions on Colombia would likely result in a substantial loss and a decrease in the price of our common stock. The United States may impose sanctions on Colombia in the future, and we cannot predict the effect in Colombia that these sanctions might cause.

We May Be Unable to Obtain Additional Capital That We Will Require to Implement Our Business Plan, Which Could Restrict Our Ability to Grow.

We expect that our existing cash resources will be sufficient to fund our currently planned activities. We may require additional capital to expand our exploration and development programs to additional properties. We may be unable to obtain additional capital required.

When we require additional capital, we plan to pursue sources of capital through various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. We may not be successful in locating suitable financing transactions in the time period required or at all, and we may not obtain the capital we require by other means. If we do succeed in raising additional capital, future financings may be dilutive to our shareholders, as we could issue additional shares of common stock or other equity to investors. In addition, debt and other mezzanine financing may involve a pledge of assets and may be senior to interests of equity holders. We may incur substantial costs in pursuing future capital financing, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertibles and warrants, which will adversely impact our financial results.

Our ability to obtain needed financing may be impaired by factors such as the capital markets (both generally and in the oil and gas industry in particular), the location of our oil and natural gas properties in South America, prices of oil and natural gas on the commodities markets (which will impact the amount of asset-based financing available to us), and/or the loss of key management. Further, if oil and/or natural gas prices on the commodities markets decrease, then our revenues will likely decrease, and such decreased revenues may increase our requirements for capital. Some of the contractual arrangements governing our exploration activity may require us to commit to certain capital expenditures, and we may lose our contract rights if we do not have the required capital to fulfill these commitments. If the amount of capital we are able to raise from financing activities, together with our cash flow from operations, is not sufficient to satisfy our capital needs (even to the extent that we reduce our activities), we may be required to curtail our operations.

We May Not Be Able To Effectively Manage Our Growth, Which May Harm Our Profitability.

Our strategy envisions continually expanding our business, both organically and through acquisition of other properties and companies. If we fail to effectively manage our growth or integrate successfully our acquisitions, our financial results could be adversely affected. Growth may place a strain on our management systems and resources. Integration efforts place a significant burden on our management and internal resources. The diversion of management attention and any difficulties encountered in the integration process could harm our business, financial condition and results of operations. In addition, we must continue to refine and expand our business development capabilities, our systems and processes and our access to financing sources. As we grow, we must continue to hire, train, supervise and manage new or acquired employees. We may not be able to:

- expand our systems effectively or efficiently or in a timely manner;
- allocate our human resources optimally;
- identify and hire qualified employees or retain valued employees; or
- incorporate effectively the components of any business that we may acquire in our effort to achieve growth.

If we are unable to manage our growth and our operations our financial results could be adversely affected by inefficiencies, which could diminish our profitability.

Guerrilla Activity in Peru Could Disrupt or Delay Our Operations and We Are Concerned About Safeguarding Our Operations and Personnel in Peru.

The Shining Path Guerilla group has been active in Peru since the early 1980's and, at one point, was active throughout the country. Recently, the group's activity has been confined to small areas of Peru and operations have been hampered by the capture of many high profile leaders and membership has fallen dramatically. During April 2012, 30 people working on the Camisea natural gas project in central Peru were kidnapped. Most of the workers were released after a short period of time, and the remainder were freed within a few days. The kidnapping was attributed to the Shining Path Guerilla group. Camisea is a very large, high profile project in an area where the group continues to be active. Our operations in Peru are in a different region, with no known activity by the group. Nevertheless, we are concerned about the security of our operations in Peru and mitigate our risks through good relationships with local communities and stakeholders as well as strong security procedures.

Risks Related to Our Industry

Unless We are Able to Replace Our Reserves, and Develop and Manage Oil and Gas Reserves and Production on an Economically Viable Basis, Our Reserves, Production and Cash Flows May Decline as a Result.

Our future success depends on our ability to find, develop and acquire additional oil and gas reserves that are economically recoverable. Without successful exploration, development or acquisition activities, our reserves and production will decline. We may not be able to find, develop or acquire additional reserves at acceptable costs.

To the extent that we succeed in discovering oil and/or natural gas, reserves may not be capable of production levels we project or in sufficient quantities to be commercially viable. On a long-term basis, our viability depends on our ability to find or acquire, develop and commercially produce additional oil and gas reserves. Without the addition of reserves through exploration, acquisition or development activities, our reserves and production will decline over time as reserves are produced. Our future reserves will depend not only on our ability to develop and effectively manage then-existing properties, but also on our ability to identify and acquire additional suitable producing properties or prospects, to find markets for the oil and natural gas we develop and to effectively distribute our production into our markets. Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-downs of connected wells resulting from extreme weather conditions, problems in storage and distribution and adverse geological and technical conditions. While we will endeavor to effectively manage these conditions, we may not be able to do so optimally, and we will not be able to eliminate them completely in any case. Therefore, these conditions could diminish our revenue and cash flow levels and result in the impairment of our oil and natural gas interests.

We are Required to Obtain Licenses and Permits to Conduct Our Business and Failure to Obtain These Licenses Could Cause Significant Delays and Expenses That Could Materially Impact Our Business.

We are subject to licensing and permitting requirements relating to exploring and drilling for and development of oil and natural gas, including seismic permits. We may not be able to obtain, sustain or renew such licenses and permits on a timely basis or at all. Regulations and policies relating to these licenses and permits may change, be implemented in a way that we do not currently anticipate or take significantly greater time to obtain. These licenses and permits are subject to numerous requirements, including compliance with the environmental regulations of the local governments. As we are not the operator of all the joint ventures we are currently involved in, we may rely on the operator to obtain all necessary permits and licenses. If we fail to comply with these requirements, we could be prevented from drilling for oil and natural gas, and we could be subject to civil or criminal liability or fines. Revocation or suspension of our environmental and operating permits could have a material adverse effect on our business, financial condition and results of operations.

Our Exploration for Oil and Natural Gas Is Risky and May Not Be Commercially Successful, Impairing Our Ability to Generate Revenues from Our Operations.

Oil and natural gas exploration involves a high degree of risk. These risks are more acute in the early stages of exploration. Our exploration expenditures may not result in new discoveries of oil or natural gas in commercially viable quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions, such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. If exploration costs exceed our estimates, or if our exploration efforts do not produce results which meet our expectations, our exploration efforts may not be commercially successful, which could adversely impact our ability to generate revenues from our operations.

Estimates of Oil and Natural Gas Reserves that We Make May Be Inaccurate and Our Actual Revenues May Be Lower and Our Operating Expenses may be Higher than Our Financial Projections.

We make estimates of oil and natural gas reserves, upon which we will base our financial projections. We make these reserve estimates using various assumptions, including assumptions as to oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. Some of these assumptions are inherently subjective, and the accuracy of our reserve estimates relies in part on the ability of our management team, engineers and other advisors to make accurate assumptions. Economic factors beyond our control, such as interest rates and exchange rates, will also impact the value of our reserves. The process of estimating oil and gas reserves is complex, and will require us to use significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each property. As a result, our reserve estimates will be inherently imprecise. Actual future production, oil and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and gas reserves may vary substantially from those we estimate. If actual production results vary substantially from our reserve estimates, this could materially reduce our revenues and result in the impairment of our oil and natural gas interests.

Exploration, development, production, marketing (including distribution costs) and regulatory compliance costs (including taxes) will substantially impact the net revenues we derive from the oil and gas that we produce. These costs are subject to fluctuations and variation in different locales in which we operate, and we may not be able to predict or control these costs. If these costs exceed our expectations, this may adversely affect our results of operations. In addition, we may not be able to earn net revenue at our predicted levels, which may impact our ability to satisfy our obligations.

****If Oil and Natural Gas Prices Decrease, We May be Required to Take Write-Downs of the Carrying Value of Our Oil and Natural Gas Properties.***

We follow the full cost method of accounting for our oil and gas properties. A separate cost center is maintained for expenditures applicable to each country in

which we conduct exploration and/or production activities. Under this method, the net book value of properties on a country-by-country basis, less related deferred income taxes, may not exceed a calculated “ceiling”. The ceiling is the estimated after tax future net revenues from proved oil and gas properties, discounted at 10% per year. In calculating discounted future net revenues, oil and natural gas prices are determined using the average price during the 12 months period prior to the ending date of the period covered by the balance sheet, calculated as an unweighted arithmetic average of the first-day-of-the month price for each month within such period for that oil and natural gas. That average price is then held constant, except for changes which are fixed and determinable by existing contracts. The net book value is compared with the ceiling on a quarterly basis. The excess, if any, of the net book value above the ceiling is required to be written off as an expense. Under full cost accounting rules, any write-off recorded may not be reversed even if higher oil and natural gas prices increase the ceiling applicable to future periods. Future price decreases could result in reductions in the carrying value of such assets and an equivalent charge to earnings. In countries where we do not have proved reserves, dry wells drilled in a period would directly result in ceiling test impairment for that period.

In 2011, we recorded a ceiling test impairment loss of $42.0 million in our Peru cost center related to seismic and drilling costs on two blocks which were relinquished and a ceiling test impairment loss of $25.7 million in our Argentina cost center related to an increase in estimated future operating and capital costs to produce our remaining Argentine proved reserves and a decrease in reserve volumes. In the three months ended March 31, 2012, we recorded a ceiling test impairment loss of $20.2 million in our Brazil cost center related to seismic and drilling costs on Block BM-CAL-10. The farmout agreement for that block terminated during the first quarter of 2012 when we provided notice that we would not enter into the second exploration period.

Drilling New Wells and Producing Oil and Natural Gas from Existing Facilities Could Result in New Liabilities, Which Could Endanger Our Interests in Our Properties and Assets.

There are risks associated with the drilling of oil and natural gas wells, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, craterings, sour gas releases, fires and spills. Earthquakes or weather related phenomena such as heavy rain, landslides, storms and hurricanes can also cause problems in drilling new wells. There are also risks in producing oil and natural gas from existing facilities. For example, the Valle Morado GTE.St.VMor-2001 re-entry operations started in the third quarter of 2010, with integrity testing and remediation operations required for the sidetrack operations. Due to operational difficulties, the initial side-track attempt was not successful. The operation was placed on standby pending the arrival of additional side-track equipment and operations recommenced in the fourth quarter of 2010. In February 2011, these operations were suspended and the wellbore has been abandoned due to a number of operational challenges encountered. We continue to review alternatives associated with the field development. Also for example, on February 7, 2009 we experienced an incident at our Juanambu-1 well, involving a fire in a generator, resulting in total damage to equipment estimated at $500,000, and production in the amount of approximately $125,000 being deferred due to shutting down production facilities while dealing with the incident. The occurrence of any of these events could significantly reduce our revenues or cause substantial losses, impairing our future operating results. We may become subject to liability for pollution, blow-outs or other hazards. Incidents such as these can lead to serious injury, property damage and even loss of life. We generally obtain insurance with respect to these hazards, but such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. The payment of such liabilities could reduce the funds available to us or could, in an extreme case, result in a total loss of our properties and assets. Moreover, we may not be able to maintain adequate insurance in the future at rates that are considered reasonable. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations.

Our Inability to Obtain Necessary Facilities and/or Equipment Could Hamper Our Operations.

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment, transportation, power and technical support in the particular areas where these activities will be conducted, and our access to these facilities may be limited. To the extent that we conduct our activities in remote areas, needed facilities or equipment may not be proximate to our operations, which will increase our expenses. Demand for such limited equipment and other facilities or access restrictions may affect the availability of such equipment to us and may delay exploration and development activities. The quality and reliability of necessary facilities or equipment may also be unpredictable and we may be required to make efforts to standardize our facilities, which may entail unanticipated costs and delays. Shortages and/or the unavailability of necessary equipment or other facilities will impair our activities, either by delaying our activities, increasing our costs or otherwise.

Decommissioning Costs Are Unknown and May be Substantial; Unplanned Costs Could Divert Resources from Other Projects.

We are responsible for costs associated with abandoning and reclaiming some of the wells, facilities and pipelines which we use for production of oil and gas reserves. Abandonment and reclamation of these facilities and the costs associated therewith is often referred to as “decommissioning.” We have determined that we require a reserve account for these potential costs in respect of our current properties and facilities at this time, and have booked such reserve on our financial statements. If decommissioning is required before economic depletion of our properties or if our estimates of the costs of decommissioning exceed the value of the reserves remaining at any particular time to cover such decommissioning costs, we may have to draw on funds from other sources to satisfy such costs. The use of other funds to satisfy decommissioning costs could impair our ability to focus capital investment in other areas of our business.

****Prices and Markets for Oil and Natural Gas Are Unpredictable and Tend to Fluctuate Significantly, Which Could Reduce Our Profitability, Growth and Value.***

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond our control. World prices for oil and natural gas have fluctuated widely in recent years. The average price for WTI per barrel was $66 in 2006, $72 in 2007, $100 in 2008, $62 in 2009, $79 in 2010, $95 in 2011 and $103 for the three months ending March 31, 2012 demonstrating the inherent volatility in the market. Given the current economic environment and unstable conditions in the Middle East, Libya, the United States and Europe, the oil price environment is increasingly unpredictable and unstable. We expect that prices will fluctuate in the future. Price fluctuations will have a significant impact upon our revenue, the return from our oil and gas reserves and on our financial condition generally. Price fluctuations for oil and natural gas commodities may also impact the investment market for companies engaged in the oil and gas industry. Furthermore, prices which we receive for our oil sales, while based on international oil prices, are established by contract with purchasers with prescribed deductions for transportation and quality differentials. These differentials can change over time and have a detrimental impact on realized prices. Future decreases in the prices of oil and natural gas may have a material adverse effect on our financial condition, the future results of our operations and quantities of reserves recoverable on an economic basis.

In addition, oil and natural gas prices in Argentina are effectively regulated and during 2009, 2010, 2011 and 2012 were substantially lower than those received in North America. Oil prices in Colombia are related to international market prices, but adjustments that are defined by contract with Ecopetrol, the purchaser of most of the oil that we produce in Colombia, may cause realized prices to be lower or higher than those received in North America. Oil prices in Brazil are defined by contract with the refinery and may be lower or higher than those received in North America.

Penalties We May Incur Could Impair Our Business.

Our exploration, development, production and marketing operations are regulated extensively under foreign, federal, state and local laws and regulations. Under these laws and regulations, we could be held liable for personal injuries, property damage, site clean-up and restoration obligations or costs and other damages and liabilities. We may also be required to take corrective actions, such as installing additional safety or environmental equipment, which could require us to make significant capital expenditures. Failure to comply with these laws and regulations may also result in the suspension or termination of our operations and subject us to administrative, civil and criminal penalties, including the assessment of natural resource damages. We could be required to indemnify our employees in connection with any expenses or liabilities that they may incur individually in connection with regulatory action against them. As a result of these laws and regulations, our future business prospects could deteriorate and our profitability could be impaired by costs of compliance, remedy or indemnification of our employees, reducing our profitability.

Policies, Procedures and Systems to Safeguard Employee Health, Safety and Security May Not be Adequate.

Oil and natural gas exploration and production is dangerous. Detailed and specialized policies, procedures and systems are required to safeguard employee health, safety and security. We have undertaken to implement best practices for employee health, safety and security; however, if these policies, procedures and systems are not adequate, or employees do not receive adequate training, the consequences can be severe including serious injury or loss of life, which could impair our operations and cause us to incur significant legal liability.

Environmental Risks May Adversely Affect Our Business.

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner we expect may result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require us to incur costs to remedy such discharge. The application of environmental laws to our business may cause us to curtail our production or increase the costs of our production, development or exploration activities.

Our Insurance May Be Inadequate to Cover Liabilities We May Incur.

Our involvement in the exploration for and development of oil and natural gas properties may result in our becoming subject to liability for pollution, blowouts, property damage, personal injury or other hazards. Although we have insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, we may choose not to obtain insurance to protect against specific risks due to the high premiums associated with such insurance or for other reasons. The payment of such uninsured liabilities would reduce the funds available to us. If we suffer a significant event or occurrence that is not fully insured, or if the insurer of such event is not solvent, we could be required to divert funds from capital investment or other uses towards covering our liability for such events.

Challenges to Our Properties May Impact Our Financial Condition.

Title to oil and natural gas interests is often not capable of conclusive determination without incurring substantial expense. While we intend to make appropriate inquiries into the title of properties and other development rights we acquire, title defects may exist. In addition, we may be unable to obtain adequate insurance for title defects, on a commercially reasonable basis or at all. If title defects do exist, it is possible that we may lose all or a portion of our right, title and interest in and to the properties to which the title defects relate.

Furthermore, applicable governments may revoke or unfavorably alter the conditions of exploration and development authorizations that we procure, or third parties may challenge any exploration and development authorizations we procure. Such rights or additional rights we apply for may not be granted or renewed on terms satisfactory to us.

If our property rights are reduced, whether by governmental action or third party challenges, our ability to conduct our exploration, development and production may be impaired.

We Will Rely on Technology to Conduct Our Business and Our Technology Could Become Ineffective Or Obsolete.

We rely on technology, including geographic and seismic analysis techniques and economic models, to develop our reserve estimates and to guide our exploration and development and production activities. We will be required to continually enhance and update our technology to maintain its efficacy and to avoid obsolescence. The costs of doing so may be substantial, and may be higher than the costs that we anticipate for technology maintenance and development. If we are unable to maintain the efficacy of our technology, our ability to manage our business and to compete may be impaired. Further, even if we are able to maintain technical effectiveness, our technology may not be the most efficient means of reaching our objectives, in which case we may incur higher operating costs than we would were our technology more efficient.

Risks Related to Our Common Stock

The Market Price of Our Common Stock May Be Highly Volatile and Subject to Wide Fluctuations.

The market price of our common stock may be highly volatile and could be subject to wide fluctuations in response to a number of factors that are beyond our control, including but not limited to:

- dilution caused by our issuance of additional shares of common stock and other forms of equity securities, which we expect to make in connection with acquisitions of other companies or assets;
- announcements of new acquisitions, reserve discoveries or other business initiatives by our competitors;
- fluctuations in revenue from our oil and natural gas business;

- changes in the market and/or WTI or Brent price for oil and natural gas commodities and/or in the capital markets generally;
- changes in the demand for oil and natural gas, including changes resulting from the introduction or expansion of alternative fuels;
- changes in the social, political and/or legal climate in the regions in which we will operate;

- changes in the valuation of similarly situated companies, both in our industry and in other industries;
- changes in analysts' estimates affecting us, our competitors and/or our industry;
- changes in the accounting methods used in or otherwise affecting our industry;
- announcements of technological innovations or new products available to the oil and natural gas industry;
- announcements by relevant governments pertaining to incentives for alternative energy development programs;
- fluctuations in interest rates, exchange rates and the availability of capital in the capital markets;
- significant sales of our common stock, including sales by future investors in future offerings we expect to make to raise additional capital.

In addition, the market price of our common stock could be subject to wide fluctuations in response to various factors, which could include the following, among others:

- quarterly variations in our revenues and operating expenses; and
- additions and departures of key personnel.

These and other factors are largely beyond our control, and the impact of these risks, singularly or in the aggregate, may result in material adverse changes to the market price of our common stock and/or our results of operations and financial condition.

We Do Not Expect to Pay Dividends In the Foreseeable Future.

We do not intend to declare dividends for the foreseeable future, as we anticipate that we will reinvest any future earnings in the development and growth of our business. Therefore, investors will not receive any funds unless they sell their common stock, and shareholders may be unable to sell their shares on favorable terms or at all. Investors cannot be assured of a positive return on investment or that they will not lose the entire amount of their investment in our common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On four separate dates beginning on January 1, 2012 and ending on March 31, 2012, we sold an aggregate of 100,003 shares of our common stock for an aggregate purchase price of $105,003. These shares were issued to five holders of warrants to purchase shares of our common stock upon exercise of the warrants. The shares were issued to these holders in reliance on Section 4(2) under the Securities Act, in that they were issued to the original purchasers of the warrants, who had represented to us in the private placement of the warrants that they were accredited investors as defined in Regulation D under the Securities Act. On February 8, 2012 we issued 1,587,302 shares of our common stock to one holder of exchangeable shares, which were issued by a subsidiary of Gran Tierra in a share exchange on November 10, 2005. The shares were issued to this holder in reliance on Regulation S promulgated by the SEC as the investor was not a resident of the United States.

Item 5. Other Information

On May 2, 2012, the Board of Directors promoted James Rozon from Acting Chief Financial Officer to Chief Financial Officer. Mr. Rozon had been serving as acting Chief Financial Officer since December 9, 2011, as a result of Martin Eden, Gran Tierra's then Chief Financial Officer, having been placed on medical leave while he recovered from emergency surgery. In connection with Mr. Rozon's promotion to Chief Financial Officer, Gran Tierra terminated its search for a replacement Chief Financial Officer. On May 2, 2012, the Board of Directors appointed Mr. Eden as Vice President, Finance Special Projects.

In connection with Mr. Rozon's promotion, his base salary was increased to CDN$300,000 (US $293,887 at an exchange rate of CAD$1.0208 as at December 31, 2011). Mr. Rozon's target bonus continues to be 70% of base salary and, as a result, was commensurately increased in dollar terms. In addition, the Board of Directors approved change in control benefits for Mr. Rozon such that Mr. Rozon is entitled to severance payments in the event of an involuntary termination of employment by Gran Tierra other than for "cause" (as defined in his employment agreement), or a termination of employment by Mr. Rozon for "good reason" (as defined in his employment agreement, including a change in control of Gran Tierra) in an amount equal to 1.5 times his previous 12 months base salary and annual bonus.

Item 6. Exhibits

See Index to Exhibits at the end of this Report, which is incorporated by reference here. The Exhibits listed in the accompanying Index to Exhibits are filed as part of this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GRAN TIERRA ENERGY INC.

Date: May 7, 2012

/s/ Dana Coffield

By: Dana Coffield
Chief Executive Officer and President
(Principal Executive Officer)

Date: May 7, 2012

/s/ James Rozon

By: James Rozon
Chief Financial Officer
(Principal Financial and Accounting Officer)

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EXHIBIT INDEX

Exhibit No.	Description	Reference
2.1	Arrangement Agreement, dated as of July 28, 2008, by and among Gran Tierra Energy Inc., Solana Resources Limited and Gran Tierra Exchangeco Inc.	Incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K (SEC File No. 001-34018), filed with the SEC on August 1, 2008.
2.2	Amendment No. 2 to Arrangement Agreement, which supersedes Amendment No. 1 thereto and includes the Plan of Arrangement, including appendices	Incorporated by reference to Exhibit 2.2 to the Registration Statement on Form S-3 (SEC File No. 333-153376), filed with the SEC on October 10, 2008.
2.3	Arrangement Agreement, dated January 17, 2011, by and between Gran Tierra Energy Inc. and Petrolifera Petroleum Limited. #	Incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K, filed with the SEC on January 21, 2011 (SEC File No. 001-34018).
3.1	Amended and Restated Articles of Incorporation.	Incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q/A (SEC File No. 001-34018), filed with the SEC on January 6, 2010.
3.2	Amended and Restated Bylaws of Gran Tierra Energy Inc.	Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on September 22, 2008 (SEC File No. 000-52594).
4.1	Reference is made to Exhibits 3.1 to 3.2.	
4.2	Form of Warrant issued to institutional and retail investors in connection with the private offering in June 2006.	Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed with the SEC on June 21, 2006 (SEC File No. 333-111656).
4.3	Details of the Goldstrike Special Voting Share.	Incorporated by reference to Exhibit 10.14 to the Annual Report on Form 10-KSB/A for the period ended December 31, 2005 and filed with the SEC on April 21, 2006 (SEC File No. 333-111656).
4.4	Goldstrike Exchangeable Share Provisions.	Incorporated by reference to Exhibit 10.15 to the Annual Report on Form 10-KSB/A for the period ended December 31, 2005 and filed with the SEC on April 21, 2006 (SEC File No. 333-111656).
4.5	Provisions Attaching to the GTE–Solana Exchangeable Shares.	Incorporated by reference to Annex E to the Proxy Statement on Schedule 14A filed with the SEC on October 14, 2008 (SEC File No. 001-34018).
4.6	Supplemental Warrant Indenture, dated as of March 18, 2011, among Gran Tierra Energy Inc., Petrolifera Petroleum Limited, and Computershare Trust Company of Canada.	Incorporated by reference to Exhibit 4.6 to the Quarterly Report on Form 10-Q filed with the SEC on May 10, 2011 (SEC File No. 001-34018).
10.1	Amendment No. 4 dated June 13, 2011 to the Colombian Participation Agreement dated June 22, 2006, between Gran Tierra Colombia Ltd and Crosby Capital, LLC	Filed herewith.
10.2	Amendment No. 5 dated February 10, 2011 to the Colombian Participation Agreement dated June 22, 2006, between Gran Tierra Colombia Ltd and Crosby Capital, LLC	Filed herewith.
10.3	Amendment dated January 30, 2012 to contract, dated July 27, 2011, between Gran Tierra Colombia Ltd and Ecopetrol S.A., for the Purchase and Sale of Crude Oil from the Chaza, Santana and Guayuyaco Blocks.	Incorporated by reference to Exhibit 10.58 to the Annual Report on Form 10-K filed with the SEC on February 27, 2012 (SEC File No. 001-34018).
10.4	Amendment dated January 30, 2012 to contract, dated July 27, 2011, between Solana Petroleum Exploration Colombia Ltd. and Ecopetrol S.A., for the Purchase and Sale of Crude Oil from the Chaza, Santana and Guayuyaco Blocks.	Incorporated by reference to Exhibit 10.59 to the Annual Report on Form 10-K filed with the SEC on February 27, 2012 (SEC File No. 001-34018).
10.5	Agreement between Gran Tierra Colombia Ltd and Ecopetrol S.A., dated January 30, 2012 with respect to the transportation of crude oil from the	Filed herewith.

	Chaza Block	
10.6	Agreement between Solana Petroleum Exploration Colombia Ltd. and Ecopetrol S.A., dated January 30, 2012 with respect to the transportation of crude oil from the Chaza Block	Filed herewith.
10.7	Cash Compensation Arrangements with Executive Officers	Filed herewith.
10.8	Fourth Amendment to Credit Agreement, dated as of February 14, 2012, among Solana Resources Limited, Gran Tierra Energy Inc., BNP Paribas and Other Lenders	Filed herewith.
10.9	Amendment No. 6 dated March 1, 2012 to the Colombian Participation Agreement dated June 22, 2006, between Gran Tierra Colombia Ltd and Crosby Capital, LLC	Filed herewith.

10.10	Amendment to Employment Agreement dated May 2, 2012 between Gran Tierra Energy Inc. and Martin Eden	Filed herewith.
10.11	Amendment to Employment Agreement dated May 2, 2012 between Gran Tierra Energy Inc. and David Hardy	Filed herewith.
10.12	Executive Employment Agreement dated May 2, 2012 between Gran Tierra Energy Inc. and James Rozon	Filed herewith.
31.1	Certification of Principal Executive Officer	Filed herewith.
31.2	Certification of Principal Financial Officer	Filed herewith.
32.1	Section 1350 Certifications.	Filed herewith.

101.INS* XBRL Instance Document
101.SCH* XBRL Taxonomy Extension Schema Document
101.CAL* XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF XBRL Taxonomy Extension Definition Linkbase Document
101.LAB* XBRL Taxonomy Extension Label Linkbase Document
101.PRE* XBRL Taxonomy Extension Presentation Linkbase Document

Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Gran Tierra undertakes to furnish supplemental copies of any of the omitted schedules upon request by the SEC.

* XBRL information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934, and is not subject to liability under those sections, is not part of any registration statement or prospectus to which it relates and is not incorporated or deemed to be incorporated by reference into any registration statement, prospectus or other document.

EXHIBIT 10.1

AMENDMENT NO. 4

TO

COLOMBIAN PARTICIPATION AGREEMENT

BY AND AMONG

GRAN TIERRA ENERGY COLOMBIA LTD.,

GRAN TIERRA ENERGY INC.

AND

CROSBY CAPITAL, LLC

DATED

AS OF JUNE 13, 2011

AMENDMENT NO. 4

TO

COLOMBIAN PARTICIPATION AGREEMENT

This Amendment No. 4 to Col**ombia**n Participation Agreement (this *"**Amendment**"*) is effective as of June 13, 2011 by and among **Gran Tierra Energy Colombia Ltd.**, (the *"**Partnership**"*), a Utah partnership (formerly known as **Argosy Energy International**, a Utah limited partnership (*"**Argosy**"*)), **Gran Tierra Energy Inc**., a Nevada corporation ("***Gran Tierra***"), and **Crosby Capital, LLC**, a Texas limited liability company (*"**Crosby**"*) on behalf of itself and its assigns. The Partnership, Gran Tierra and Crosby are each individually referred to herein as a *"**Party**"*, and collectively as the *"**Parties**"*. All capitalized terms not otherwise defined herein shall be given the meaning assigned to such terms in that certain Colombian Participation Agreement, dated as of June 22, 2006, by and among Argosy, Gran Tierra and Crosby (the *"**Original Participation Agreement**"*), as amended by Amendment No. 1 dated as of November 1, 2006 (*"**Amendment No. 1**"*), Amendment No. 2 dated as of July 3, 2008 (*"**Amendment No. 2***"), and Amendment No. 3 dated as of December 31, 2008 (*"**Amendment No. 3**"*).

Recitals

Whereas, the Parties executed the Original Participation Agreement, Amendment No. 1, Amendment No. 2, Amendment No. 3 and such Original Participation Agreement, as amended by Amendment No. 1, Amendment No. 2 and Amendment No. 3 is hereinafter referred to as the *"**Agreement**"*;

Whereas, pursuant to Clause 6.2.1(b) of the Original Participation Agreement, the Initial Term of the Initial Letter of Credit, subject to certain conditions, was stated to be for a period of three years from the date of Closing.

Whereas, pursuant to Clause 4 of Amendment No. 3, the Initial Term of the Initial Letter of Credit was amended to be for a period of five years from the date of Closing;

Whereas, the Parties wish to further amend the Initial Term of the Initial Letter of Credit;

Agreement

Now, Therefore, in consideration of the covenants and promises herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Section 6.2.1(b) of the Agreement shall be deleted in its entirety and replaced with the following:

   (b) Term: The Initial Letter of Credit shall remain outstanding for a period commencing on the Closing and ending March 1, 2012. Such period is referred to herein as the "**Initial Term**."

2. References to the "Agreement" in the Original Participation Agreement shall be deemed to include the Original Participation Agreement, as amended by Amendment No. 1, Amendment No. 2, Amendment No. 3, and this Amendment. Except as expressly modified or otherwise as set forth therein or herein, the terms and conditions of the Original Participation Agreement remain in full force and effect.

3. Each Party shall be responsible for and pay all of its own costs and expenses incurred at any time in connection with this amendment.

4. This Amendment may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties, it being understood that all Parties need not sign the same counterpart.

5. A facsimile, telecopy or other reproduction of this Amendment may be executed by one or more parties to this Amendment, and an executed copy of this Amendment may be delivered by one or more parties to this Amendment by facsimile or similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen, and such execution an delivery shall be considered valid, binding and effective for all purposes. At the request of any party to this Amendment, all parties to this Amendment agree to execute an original of this Amendment as well as any facsimile, telecopy or other reproduction of this Amendment.

6. By their respective signatures below, each Party represents and warrants to the others, that it has full power and authority to execute and deliver this Amendment, that all requisite internal approvals, including approval by the board of directors or other managerial authority has been properly obtained, and that this Amendment shall constitute the legal, valid and binding obligation of such party enforceable in accordance with its terms, except to the extent such enforcement may be subject to bankruptcy, insolvency, reorganization or other similar laws affecting enforcement of creditors' rights generally.

In Witness Whereof, each of the undersigned has caused this **Amendment No. 4** to be executed as of the date first written above.

Gran Tierra Energy Colombia, Ltd.
By: Argosy Energy, LLC (f/k/a/ Argosy Energy Corp.), its General Partner

By: /s/ Julian Garcia
Name: Julian Garcia
Title: Manager

Gran Tierra Energy Inc.

By: s/ Martin Eden
Name: Martin Eden
Title: Chief Financial Officer

Crosby Capital, LLC

By: /s/ Jay Allen Chafee
Name: Jay Allen Chafee
Title: President

EXHIBIT 10.2

AMENDMENT NO. 5

TO

COLOMBIAN PARTICIPATION AGREEMENT

BY AND AMONG

GRAN TIERRA ENERGY COLOMBIA LTD.,

GRAN TIERRA ENERGY INC.

AND

CROSBY CAPITAL, LLC

DATED

AS OF FEBRUARY 10, 2011

AMENDMENT NO. 5

TO

COLOMBIAN PARTICIPATION AGREEMENT

This Amendment No. 5 to Col**ombia**n Participation Agreement (this *"**Amendment**"*) is effective as of February 10, 2011 by and among **Gran Tierra Energy Colombia Ltd.**, (the *"**Partnership**"*), a Utah partnership (formerly known as **Argosy Energy International**, a Utah limited partnership (*"**Argosy**"*)), **Gran Tierra Energy Inc**., a Nevada corporation ("***Gran Tierra***"), and **Crosby Capital, LLC**, a Texas limited liability company (*"**Crosby**"*) on behalf of itself and its assigns. The Partnership, Gran Tierra and Crosby are each individually referred to herein as a *"**Party**"*, and collectively as the *"**Parties**"*. All capitalized terms not otherwise defined herein shall be given the meaning assigned to such terms in that certain Colombian Participation Agreement, dated as of June 22, 2006, by and among Argosy, Gran Tierra and Crosby (the *"**Original Participation Agreement**"*), as amended by Amendment No. 1 dated as of November 1, 2006 (*"**Amendment No. 1**"*), Amendment No. 2 dated as of July 3, 2008 (*"**Amendment No. 2**"*), Amendment No. 3 dated as of December 31, 2008 (*"**Amendment No. 3**"*) and Amendment No. 4 dated as of June 13, 2011 (*"**Amendment No. 4**"*).

Recitals

Whereas, the Parties executed the Original Participation Agreement, Amendment No. 1, Amendment No. 2, Amendment No. 3 and such Original Participation Agreement, as amended by Amendment No. 1, Amendment No. 2, Amendment No. 3 and Amendment No.4 is hereinafter referred to as the *"**Agreement**"*;

Whereas, pursuant to Clause 6.2.1(b) of the Original Participation Agreement, the Initial Term of the Initial Letter of Credit, subject to certain conditions, was stated to be for a period of three years from the date of Closing.

Whereas, pursuant to Clause 4 of Amendment No. 3, the Initial Term of the Initial Letter of Credit was amended to be for a period of five years from the date of Closing;

Whereas, pursuant to Clause 1 of Amendment No. 4, the Initial Term of the Initial Letter of Credit was amended to be for a period commencing on the Closing and ending March 1, 2012;

Whereas, the Parties wish to further amend the Initial Term of the Initial Letter of Credit;

Agreement

Now, Therefore, in consideration of the covenants and promises herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Section 6.2.1(b) of the Agreement shall be deleted in its entirety and replaced with the following:

   (b) Term: The Initial Letter of Credit shall remain outstanding for a period commencing on the Closing and ending June 1, 2012. Such period is referred to herein as the "**Initial Term**."

2. References to the "Agreement" in the Original Participation Agreement shall be deemed to include the Original Participation Agreement, as amended by Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No. 4 and this Amendment. Except as expressly modified or otherwise as set forth therein or herein, the terms and conditions of the Original Participation Agreement remain in full force and effect.

3. Each Party shall be responsible for and pay all of its own costs and expenses incurred at any time in connection with this amendment.

4. This Amendment may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties, it being understood that all Parties need not sign the same counterpart.

5. A facsimile, telecopy or other reproduction of this Amendment may be executed by one or more parties to this Amendment, and an executed copy of this Amendment may be delivered by one or more parties to this Amendment by facsimile or similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen, and such execution an delivery shall be considered valid, binding and effective for all purposes. At the request of any party to this Amendment, all parties to this Amendment agree to execute an original of this Amendment as well as any facsimile, telecopy or other reproduction of this Amendment.

6. By their respective signatures below, each Party represents and warrants to the others, that it has full power and authority to execute and deliver this Amendment, that all requisite internal approvals, including approval by the board of directors or other managerial authority has been properly obtained, and that this Amendment shall constitute the legal, valid and binding obligation of such party enforceable in accordance with its terms, except to the extent such enforcement may be subject to bankruptcy, insolvency, reorganization or other similar laws affecting enforcement of creditors' rights generally.

In Witness Whereof, each of the undersigned has caused this **Amendment No. 5** to be executed as of the date first written above.

Gran Tierra Energy Colombia, Ltd.
By: Argosy Energy, LLC (f/k/a/ Argosy Energy Corp.), its General Partner

By: /s/ Julio Moreira
Name: Julio Moreira
Title: Manager

Gran Tierra Energy Inc.

By: /s/ David Hardy
Name: David Hardy
Title: General Counsel

Crosby Capital, LLC

By: /s/ Jay Allen Chafee
Name: Jay Allen Chafee
Title: President

EXHIBIT 10.5

TRANSPORTATION CONTRACT
SPECIFIC CONDITIONS

Date	**Bogota D.C. January 30, 2012**

Contract No.	**VIT-001-2012**

SENDER	**GRAN TIERRA ENERGY COLOMBIA LTD**
TAX ID	**860.516.431-7**

SHIPPER	**ECOPETROL S.A.**
TAX ID	**899.999.068-1**

T Y P E O F CRUDE OWN PRODUCTION [x] PROPERTY [ ]

PURPOSE

Transportation Service of liquid hydrocarbons through the "Trasandino" Pipeline(OTA) and Mansoyá-Orito (OMO) pipeline.

ECONOMIC CONDITIONS

Estimated Value of the Contract	Six millions seven hundred forty five thousand dollars of The United States of America **(USD$6.745.000).**
Rate "Mansoyá-Orito" Pipeline (OMO)	Cero point five one nine two dollars of The Untied States of America **(USD$0,5192) per Barrel**
Rate "Trasandino" Pipeline (OTA)	Three dollars eleven forty three cents of dollars of The Untied States of America **(USD$3,1143) per Barrel.**

CONTRACTED CAPACITY

PRODUCT	Daily Average (Barrels/calendar day)	Monthly average (Barrels/month)
Crude	10.000	300.000

TERM OF EXECUTION	From January 30, 2012 until July 29, 2012

POINTS OF ENTRANCE AND EXIT

MANSOYÁ - TUMACO

Point #	Type of Point	Name of Point	Distance (km)
1	Point of Entrance	Entrance bridle to the srapers tramp in the PK 35+400 of OMO	377,3
2	Point of Exit	Exit bridle to the main tanks of Tumaco Plant.	

SPECIFICATIONS OF PRODUCTS TO BE SHIPPED

PRODUCT CHARACTERISTICS

Characteristics	Lower Limit	Upper Limit
Temperature		120°F
Viscosity		300 cSt 30ºC.
Water and sediments (BSW)		0,5 % in volume
Salt		20 PTB
Steam pressure		Eleven (11) psi at 100°F
Gravity in API degrees	18 degrees	50 degrees

Quality Specifications of Crude:

Bases on the operating conditions of the "Trasandino" Pipeline, ECOPETROL shall only receive daily crude oil from the SENDER up to a maximum equivalent to 12% of the total light crude received in the day at the Orito Plant.

The indicated Quality Specifications correspond to those which the final mix of crude delivered by the SENDER shall have. In the event in which the Crude delivered by the SENDER fails to meet the Quality Specification and if the buying of dissolvent is required to make mixes, the SENDER shall request approval from ECOPETROL before its delivery for transportation by ECOPETROL.

It is the SENDER's responsibility to ensure its possession, control and entitlement to deliver or make deliver on its behalf the crude received by ECOPETROL at the Entrance Point. The SENDER shall hold ECOPETROL harmless against any claim, action or damages which may result from suits, claims or administrative, judicial or extrajudicial actions from any third persons alleging ownership or possession on the crude to be shipped.

BONDS

TYPE OF BOND	AMOUNT
Performance Insurance Policy	Four thousand forty seven millions of Colombian pesos **($4.047.000.000)**

In witness whereof, and accepting the General Conditions and the Specific Conditions this Contract is subscribed in two (2) duplicates of the same content in the city of Bogotá on the thirtieth (30th) day of the month of January, 2012.

BY THE SENDER:

Signature	***"/s/ Duncan Nightingale"***
Name:	**DUNCAN NIGHTINGALE**
Title:	Legal Representative Pasaporte No. BA386341
Signature	***"/s/ Hugo Rodriguez"***
Name:	**HUGO RODRIGUEZ**
Title:	Legal Representative C.C. No. 3.093.980

BY ECOPETROL S.A.:

Signature	***"/s/ Rafael Espinosa Rozo"***
Name:	**RAFAEL ESPINOSA ROZO**
Title:	Pipelines Manager C.C. No. 79.432.773 de Bogotá D.C.

All notifications and communications to be delivered to the Parties as a result of the execution of the Contract hereof shall be made to the addresses indicated as follows:

ECOPETROL

ADDRESS	5.1	Carrera 7 No. 37 – 69 Piso 9 Edificio Teusacá
TELEPHONE	5.2	2343491
FAX	5.3	2343532
CITY	5.4	Bogotá D.C.

THE SENDER

ADDRESS	5.5	Calle 113 No. 7 – 80 Piso 17
TELEPHONE	5.6	6585757
FAX	5.7	2139327
CITY	5.8	Bogotá D.C.

TRANSPORTATION CONTRACT
GENERAL CONDITIONS

The Contract hereof executed between ECOPETROL and the SENDER shall be comprised by these General Clauses and by the Specific Conditions subscribed by the Parties. All current legal provisions shall apply thereto and therefore the Parties are obliged to fulfill them regardless of whether or not they are stated in this document or in the Specific Conditions.

PARTIES: The Parties of the Contract shall be: ECOPETROL S A, hereinafter ECOPETROL, a company of mixed economy, authorized by law 1118 of 2006, attached to the Ministry of Mines and Energy, acting pursuant to its by-laws with its main domicile in Bogotá D C with Tax ID 899.999.068-1, represented by whoever subscribes the Specific Conditions of the Contract and the SENDER, identified as indicated in the Specific Conditions, who is obliged subject to the conditions and terms set forth herein.

ECOPETROL and the SENDER may also be called in this Shipment Contract or "Contract", individually as the "Party" or jointly as the "Parties".

RECITALS:

1. ECOPETROL is the owner of the pipelines of private use indicated in the Specific Conditions (hereinafter, the "Pipelines").
2. Currently the Pipelines have Available Capacity for the shipment of crudes from third parties.
3. The SENDER has crude oils of its own/production that wishes to ship through the Pipelines under the conditions established in this Contract and its annexes, with the quality specifications set forth by ECOPETROL for its shipment through the Pipelines.
4. The Parties have agreed to enter into this Contract under the "Spot" shipping contract modality, by virtue of which, the SENDER shall be obliged to pay the shipping fee applicable for the barrels effectively shipped through the Pipelines during the Month of Operation and subject to the existence of Available Capacity.
5. The SENDER knows and accepts in all its terms the Manual of the Shipper of the Pipelines, which is an integral part of the Contract hereof as Annex 1.

By virtue of the above the parties agree:

CLAUSE FIRST
PURPOSE

1.1 ECOPETROL is obliged within the terms and conditions set out in this Contract, its annexes and in the applicable regulations, to ship through the Pipeline, from the Entrance Points agreed and detailed in the Specific Conditions to the Exit Points agreed and detailed in Specific Conditions, crudes owned/produced by the SENDER and delivered in the Entrance Points pursuant to the instructions and procedures set out by ECOPETROL (hereinafter, the "Service").

1.2 By virtue of this Contract and as indicated in the Specific Conditions, the SENDER shall have a limited capacity for shipment by the Pipeline of crudes of its own/production, subject to the existence of Available Capacity during the month of operation of the Service (hereinafter, the "Contracted Capacity").

1.3 The scope of the obligations of ECOPETROL is limited to the reception, custody, shipment, decanting, and indispensable storage for the transportation and shipment of Crude to the SENDER.

1.4 The Contract hereof does not include the provision of the unloading service in unloading areas, the treatment of crudes, the storage in export terminals, or any terminal services. It is the responsibility of the SENDER to execute or contract these services whenever it may be necessary. The SENDER shall wave and hold ECOPETROL harmless for any damage or prejudice suffered by ECOPETROL as a result of failing to receive the Crude in the Exit Point, either by lack of the services before mentioned or by failing to provide the appropriate facilities for such purpose.

CLAUSE SECOND
DEFINITIONS

2.1 All capitalized terms shall have the meaning as defined in the Clauses of this Contract and/or in Clause 2 of the Manual of the Shipper of ECOPETROL.

CLAUSE THIRD
TERM

3.1 The Contract shall be in force during the period indicated in the Specific Conditions.

3.2 The term of execution of the Service for the Contracted Capacity being the purpose of the Contract hereof may be extended by common agreement between the Parties by a document subscribed prior to the date of termination of the Contract, subject to the existence of Available Capacity in the Pipeline during the month of Operation in which the Service is to be provided.

3.3 the obligation of the monthly payment borne by the SENDER for the Service shall be made during the totality of the term of execution of the Contract.

CLAUSE FOURTH
AMOUNT OF THE CONTRACT

4.1 The initial estimated amount of the Contract hereof is as indicated in the Specific Conditions. The final amount of the Contract shall correspond to the total of the actual invoicing by ECOPETROL and shall be established upon termination and final liquidation of the same.

CLAUSE FIFTH
FEES

5.1 The Contract is agreed under the "Spot" modality, understanding that the SENDER shall pay for the Barrels effectively transported through the Pipeline subject to the existence of Available Capacity in the Pipeline during the Month of Operation in which the Service is to be provided.

5.2 The SENDER is obliged irrevocably and unconditionally by subscription of this Contract to the payment of the fee indicated in the Specific Conditions for each Barrel effectively transported making use of its Contracted Capacity (hereinafter, the "Fee").

CLAUSE SIXTH
READJUSTMENTS

6.1 The Monthly Fee agreed in this Contract shall be adjusted each year pursuant to the formula established by the Ministry of Mines and Energy in Resolution 124 386 of July 15th, 2010 or any provisions the amend, add or supersede it.

CLAUSE SEVENTH
TERMS OF PAYMENT

7.1 The SENDER undertakes the obligation to pay irrevocably and unconditionally the Service for the Contracted Capacity, twenty (20) calendar days at the latest, after ECOPETROL files in the offices of the SENDER the invoice for the provision of the Service.
7.2 ECOPETROL shall deliver to the SENDER on the twentieth (20) day of each month at the latest a preliminary account (invoice) with the amount that the SENDER must pay (corresponding to the current month) based on the Nomination made by the SENDER for the current month.
7.3 Considering that the charging for the Service is made on the Nomination of the current month, ECOPETROL in order to make the corresponding adjustment to the nominated volume and the volume of Crude actually shipped, shall generate the corresponding debit and credit vouchers and shall deliver said debit or credit vouchers together with the invoice(s) of the nominated month to be charged. The due date of the debit and credit vouchers shall be the same as for the invoice (with the nominated volume) of the current month in order to facilitate the SENDER the making of only one net payment for both items.
7.4 Payments shall be made in Colombian pesos using the arithmetic average of the representative market exchange rate certified by the Superintendence of Finance or the entity replacing it, of the days of the month corresponding to the Service invoiced.
7.5 The SENDER shall make the payment by means of making a deposit in any of the bank accounts as indicated by ECOPETROL. In case ECOPETROL requires any changes in the bank account, it shall be informed in writing to the SENDER.
7.6 The SENDER is obliged to receive the invoice once ECOPETROL has filed it. Any objections to the invoicing will not interrupt the term for the payment respect to the sums that are not objected by the SENDER, pursuant to the term established in this clause. ECOPETROL shall issue the note credit or equivalent document respect to the sums objected by the SENDER, in order to rectify the inaccuracy.

7.7 ECOPETROL, in order to facilitate and expedite the verification of the invoices by the SENDER shall deliver via e-mail the same day of its preparation and in PDF format, to the account of institutional e-mail registered by the SENDER, a copy of the invoices and corresponding debit and credit vouchers.

7.8 The SENDER shall pay late interests on any unpaid amounts pursuant to the provisions set out by ECOPETROL in the Guidelines for Administration of Service Receivables ECP-UTE-G-008 or a document that modifies or supersedes it, which is an integral part of the Contract hereto as Annex 2.

7.9 The shipment tax shall be invoiced in Colombian pesos upon obtaining the corresponding liquidation from the Ministry of Mines and Energy and shall be paid to ECOPETROL by the SENDER, within the fifteen (15) calendar days after ECOPETROL files in the offices of the SENDER the corresponding bills or invoices.

7.10 The amounts deposited by the SENDER in any of the bank accounts of ECOPETROL must come from the accounts owned by the SENDER, who by means of written communication before the subscription of the Contract will certify the origin of funds. This in accordance with the Policy for the Prevention and Control of Asset Laundering of ECOPETROL.

CLAUSE EIGHTH
BONDS

8.1 The SENDER may pay in advance the Service for the Contracted Capacity, in which case the corresponding invoice shall be adjusted pursuant to the provisions in the Clause of Terms of Payment as it may apply.

8.2 Otherwise, In order to guarantee compliance with all and each of the obligations of the SENDER under the Contract hereof, including but without being limited to the payment of the Fee, the SENDER is obliged to constitute in favor of ECOPETROL and to deliver within ten (10) business days after the subscription of the Contract hereof for the amount indicated in the Specific Conditions (hereinafter, the “Bond”):

a) A performance policy for the payment of Services issued by an insurance policy legally established in the country, governed by the General Clauses of ECOPETROL indicated in Annex 3; or

b) An irrevocable stand-by letter of credit at first requirement, issued by (i) a banking establishment authorized to operate in Colombia with AAA credit rating for its long-term debt in pesos, o (ii) a foreign financial entity with representation or a confirming and payment bank in Colombia, with risk credit of long term debt in dollars no less than the rating for the foreign sovereign debt of Colombia issued pursuant to the International Standby Practices (ISP98) of the International Chamber of Commerce, for which, it may be used the form contained in Annex 4 of the Contract hereof.

8.3 The Bond shall be valid during all the term of execution of the Contract plus one hundred twenty (120) calendar days.

8.4 In the case of local financial institutions, the bond shall expressly state that the issuer waves the benefit of excussio stipulated in article 2383 of the Colombian Civil Code.

8.5 The issuance and validity of the Bond shall be an indispensable condition for the provision of the Service. As a consequence, ECOPETROL may suspend the provision of the Service or terminate the Contract in advance, when the Bond is not in force, without this waiving the SENDER from its payment obligations and all other obligations derived from the Contract hereof.

CLAUSE NINTH
OBLIGATIONS OF THE SHIPPER

9.1 In addition to the obligations set forth in the Manual of the Shipper and those established in the law, ECOPETROL is obliged in a special manner to:

a) Receive in the Entrance Point agreed in the Pipeline, the Crude owned by the SENDER up to the volume corresponding to the Contracted Capacity, subject to the Available Capacity of the Pipeline in the Month of Operation in which the Service is to be provided.
b) Maintain in custody the Crude delivered from the Point of Entrance until the time of delivery to the SENDER in the Exit Point. Notwithstanding the foregoing, in the event in which the SENDER does not receive the Crude in the Point of Exit pursuant to the agreement, the responsibility by the ECOPETROL to maintain the Crude in custody shall cease.
c) Shipping and decanting through the Pipeline the Crude delivered by the SENDER from the Point of Entrance until the Exit Point.
d) Store the Crude from its reception in the Point of Entrance until delivered to the SENDER in the Point of Exit, exclusively to facilitate its shipment under the Contract hereof, not including the storage for export or the segregate storage of Crude.
e) Deliver the Crudes shipped to the SENDER or whoever is designated as receiver of the same in the Point of Exit, in accordance with the instructions received by the SENDER and with the conditions of the Manual of the Shipper.
f) ECOPETROL shall not be obliged to receive Crude: (a) when the same fails to fulfill the Specifications of Quality agreed in the Contract hereof; (b) when the SENDER does not have an accepted nomination in the Shipment Schedule of the Pipeline, or (c) when there are not valid agreements of the SENDER that allow the delivery of Crude in the Point of Exit.
g) Execute all other obligations derived from the nature of the Contract.

CLAUSE TENTH
OBLIGATIONS OF THE SENDER

10.1 In addition to the obligations set out in the Manual of the Shipper and those in the law, the SENDER is obliged particularly to:

a) Undertake the nomination of the Crudes to be shipped, pursuant to the procedure established in the Manual of the Shipper.
b) Deliver at the Point of Entrance the Crudes of its own/production included in the Shipment Schedule as a result of the nomination process.
c) Receive in the Point of Exit the Crudes transported as established in the Manual of the Shipper and the procedures set forth by ECOPETROL, or if a receiver different than the SENDER has been designated, this shall take al necessary measures so that the Crude is received in accordance with the stipulations in the Manual of the Shipper and the procedures set out by ECOPETROL, the SENDER is any case responsible for the reception of the Crude. In case the Crude is not received at the Point of Exit, the provisions established in the Manual of the Shipper shall be applied.
d) Enter into the contracts with other shippers or terminal operators required to ensure the delivery of crudes at the Point of Exit without affecting the operation of the Pipeline.
e) Make the Fee payment and all other items as they may apply in the terms and conditions established in the Contract hereof.
f) Execute the bond in favor of ECOPETROL.
g) Make the payment of the shipping tax under the conditions set out in this Contract and the law.
h) Execute all other obligations derived from the nature of the Contract.

CLAUSE ELEVENTH
RISKS AND RESPONSIBILITY

11.1 Each Party shall be responsible for any damage caused to the other Party as a result of failing to fulfill its obligations under the Contract hereof, in the terms set out in the clause hereof.

11.2 Responsibility of ECOPETROL:

a) In addition to the provisions in the Manual of the Shipper, ECOPETROL shall not be responsible for any faults in the Service, or the loses, damage or deterioration the Crude may suffer, if the fault in the Service, the loss, damage or deterioration of the Crude are due to (i) events of force majeure or acts of nature, (ii) Acts from third parties, (iii) vice inherent to the Crude, or (iv) fault attributable to the Sender (hereinafter, the “Excusable Events”).
b) ECOPETROL shall only be responsible for the faults in the Service or loses, damage or deterioration the Crude may suffer to the extent it does not demonstrate that (i) no Excusable Event has occurred, and also, (ii) ECOPETROL failed to adopt the reasonable measures any shipper would have taken according to the requirements of operation of a pipeline with similar characteristics to the Pipeline, to avoid the damage or its aggravation.
c) In all other events, different than those in connection with the provision of the Service, ECOPETROL shall be liable to the extent in incurs in gross negligence.
d) Save the event of gross negligence or willful misconduct, pursuant to the provisions in this numeral 11.2, the responsibility of ECOPETROL under the Contract hereof under no circumstance shall exceed seventy five per cent (75%) of the value of the Crude lost or damaged by causes attributable to ECOPETROL.

e) Save the event of gross negligence or willful misconduct, if any claims arise by the SENDER such as the loss of profit, this shall not exceed twenty five percent (25%) of the value that ECOPETROL is obliged to indemnify the SENDER under this numeral 11.2(d) of the Contract hereof.

11.3 Crude Assessment:

In order to determine the value of the Crude for liability purposes based on the previous numeral, ECOPETROL shall establish the following rules:

a) For those Pipelines using the mechanism of Volumetric Compensation for Quality and pursuant to the indications in the Manual of the Shipper, the value of the Crude shall be determined based on the result generated by the application of said mechanism defined for the Pipeline for the month in which the loss or damage of Crude occurs.

b) For intermediate Pipelines and/or ending in Sea Terminals and not using the mechanism of Volumetric Compensation for Quality, the assessment of the Crude shall be made taking the price of reference of export of Crude in the respective Sea Terminal, reported for the month in which the loss or damage of Crude occurs, based on the commercial balance of ECOPETROL for the export mix of which the Crude was part, discounting the applicable monthly fee for the Services, and including but not limited to, the handling services in plant, storage, terminal services, etc., up to the Point of Entrance of the Pipeline in which the loss or damage of the Crude has occurred.

11.4 Responsibility of the SENDER:

a) The SENDER shall be liable for any damage caused to ECOPETROL for the default of its obligations under the Contract hereof and shall be responsible for any damage derived from or as a consequence of the actions or omissions of the SENDER, its workers, subordinates, contractors and subcontractors, except in cases of (i) gross negligence or willful misconduct by ECOPETROL, or (ii) a force majeure or unforeseen circumstances.
b) The SENDER shall not be waved from its responsibility to pay the Fee agreed in this Contract, save the Service is not provided by causes exclusively attributable to ECOPETROL as indicated in numeral 11.2 b).

11.5 In those events in which the SENDER may be involved, the technical procedures defined for these occasions by ECOPETROL shall be followed:

11.6 Procedure under an Excusable Event: In the event of occurrence of an Excusable Event:

a) ECOPETROL shall notify the SENDER within twenty four hours (24) following the moment of occurrence, making the commitment to submit all details within the following five (5) business days.

b) ECOPETROL shall carry out all reasonable procedures as required to resume as soon as possible the performance of the obligations of the Contract. Likewise, it shall make efforts to minimize or mitigate any delay or additional costs that may be generated.

11.7 The fulfillment of all legal obligations corresponding to each of the Parties, among them and including, those in connection with its personnel, compliance with environmental standards, those related with the legality of intellectual property rights, tax provisions or any other similar obligation, shall be borne and will be the exclusive responsibility of the Party to whom said obligation corresponds and its failure to perform it shall only affect said Party.

11.8 The fact that any of the Parties fails to enforce to the other Party any of the stipulations hereof at any time, shall not be considered a waiver for the performance of said stipulation, unless the other Party notifies it in writing.
No waiver to allege a violation of this Contract shall be considered as a waiver to allege any other violation.

11.9 The Parties state to be aware of the public order and security conditions of the areas in which the purpose of the Contract shall be developed, and each Party assumes its own and exclusive responsibility for the risks derived from such conditions, and therefore, shall not take any claim or action against the other Party due to any damage or injuries suffered by said Party on its property, personnel, its agents, contractors or subcontractors (including its employees or subordinates) resulting from public order or security conditions.

11.10 Each Party shall be exclusively responsible for any damage caused to third parties as a result of its proved and exclusive fault. In particular, each Party shall be responsible for all loss or damage to the property of third parties or injury, illness or death of all third parties as a result of its acts or omission or those from its personnel.

CLAUSE TWELFTH
PENAL PECUNIARY CLAUSE

12.1 In case of failing to fulfill the obligations of the SENDER as a result of any actions or illegal omissions or deviations from the Contract, the SENDER agrees to pay ECOPETROL as a penalty, an amount equivalent to ten percent (10%) of the final value of the Contract.

12.2 Said sum shall be charged to the amount of damage suffered by ECOPETROL, and its value may be taken directly from the balance in favor of the SENDER if there is any, or else from the Bond. If this is not possible, the penal pecuniary clause shall be collected by means of execution for which the Contract shall be a writ of execution.

12.3 The application of the penal pecuniary clause does not include the indemnification for any damages borne by the SENDER if the amounts of these are higher, under the criteria of ECOPETROL, to the amount of the penal pecuniary clause agreed hereof, nor it releases the SENDER from its payment obligation of the totality of the value of the Contract pursuant to the conditions agreed.

CLAUSE THIRTEENTH
SUSPENSION DUE TO NON-PERFORMANCE OF THE SENDER

13.1 ECOPETROL shall be entitled to suspend the Service in case of any events that may represent a serious default on any of the obligations of the SENDER. For this purpose, a communication from ECOPETROL addressed to the SENDER shall be sufficient, notifying the serious default. ECOPETROL may, based on the seriousness and the effects of the default, grant the SENDER a reasonable term to fix the default (the "Grace Period"), which under no circumstance may be granted if the default is due to the non-payment of the Fee in the terms set out in the Contract hereof. If, upon expiration of the Grace Period the SENDER has not resolved the default, ECOPETROL may suspend the Service and the SENDER shall not be entitled to any indemnification under no circumstance. The reestablishment of the provision of Services shall be subject to previous approval in writing by ECOPETROL.

13.2 The suspension of the Contract is not a waiver or a release for the SENDER on its responsibility to pay the Fee and all other concepts that may be applicable under the Contract hereof.

CLAUSE FOURTEENTH
TERMINATION OF THE CONTRACT

14.1 The Contract hereof shall terminate upon expiration of the term of validity agreed.

14.2 The Parties agree that ECOPETROL may declare the termination in advance of the Contract at any time, without any indemnity in favor of the SENDER in the following events:

a) Serious default of the obligations of the SENDER without solving them within the Grace Period, when it may apply.
b) The dissolution of the SENDER as a legal person.
c) The unauthorized assignment of the Contract by the SENDER.
d) Due to changes in regulations making more costly the fulfillment of obligations undertaken by ECOPETROL.
e) As a consequence of any of the following causes: (i) fraud of the SENDER; or (ii) the SENDER incurs in acts or conducts that may endanger the operational and/or technical stability of the Pipelines.
f) The procedure to be followed by ECOPETROL to terminate the Contract is: notify in writing with at least thirty (30) calendar days in advance to the SENDER its intention to terminate the Contract, indicating the causes for such decision and the effective date of termination. Upon fulfillment of this procedure the SENDER shall not: (i) request any justifications or extensions to the motives explained by ECOPETROL, or (ii) request or demand any kind of compensation or damages derived from the decision to terminate the Contract.
g) The termination shall not release the Parties from its corresponding obligations and responsibilities attributable to periods before the date of termination of the Contract.

h) The termination in advance of this Contract shall not release the SENDER from the obligations that survive the termination of the Contract, especially that related with the payment of the Fee pending of payment and the payment of the penal clause. In the event of termination in advance of the Contract, the SENDER shall have a sixty (60) day term following the issuance of the corresponding invoice by ECOPETROL to pay the amount of any overdue fees.

14.3 It shall not be necessary any previous private or judicial requirement for purposes of enforcement of this clause.

CLAUSE FIFTEENTH
TAXES

15.1 All taxes, contributions, rates, surcharges and any other national, departmental, district or municipal taxes caused by the entering into, execution and liquidation of the Contract hereof, shall be borne by the Party that has to assume said payment pursuant to the law.

15.2 The collection and payment of the shipment tax shall be assumed by ECOPETROL before the Ministry of Mines and Energy, and therefore the SENDER shall pay the same to ECOPETROL pursuant to the provisions hereto.

CLAUSE SIXTEENTH
LIQUIDATION OF THE CONTRACT

16.1 Upon expiration of the Term of Validity, the Parties shall subscribe the minutes of termination of the execution.

16.2 The Parties shall make the liquidation of the Contract by mutual agreement within three (3) months following the expiration of the date of termination of the Contract.

16.3 In case the SENDER fails to appear to the liquidation, or if there is not an agreement of the same within the term previously mentioned, the SENDER expressly authorizes ECOPETROL to proceed with the liquidation in one (1) month term.

16.4 The following shall be expressly stated in the minutes of liquidation:

a) The statement regarding the performance of the obligation undertaken by each of the Parties (or from ECOPETROL if the liquidation is unilateral) derived from the execution of the Contract; and
b) Any agreements, settlements and transactions reached by the Parties to settle any differences that may have arisen and to obtain the good standing and release of any obligations.

16.5 Upon liquidation of the Contract, the SENDER shall pay ECOPETROL any Fees or any amount of money owed or resulting from the final liquidation of the same, after making any deduction that may be applicable.

CLAUSE SEVENTEENTH
AUTHORIZED REPRESENTATIVES FROM THE PARTIES

17.1 Each of the Parties shall notify to the other in writing, before the commencement of the execution of this Contract the name, position, addresses, institutional electronic mails and telephone numbers of the person(s) authorized to represent it. Likewise, any change of these representatives shall be notified in writing.

17.2 Any instruction or notification addressed to the representative designated in the manner previously established shall be considered as addressed to the respective Party.

CLAUSE EIGHTEENTH
AMENDMENTS

18.1 Any amendment, clarification or addition to the conditions stipulated in the Contract hereof, shall be in writing, in documents subscribed by the authorized representatives by the Parties.

CLAUSE NINETEENTH
ASSIGNMENT

19.1 The SENDER shall not assign totally or partially the Contract hereof, without the previous written consent by ECOPETROL.

19.2 The assignee shall assume all rights and obligations in the same terms established hereto.

19.3 The assignment may be authorized by ECOPETROL, when the SENDER sufficiently demonstrates to ECOPETROL that:

a) The assignee is a legal person duly organized and the duration of the same shall not be less that the term of the Contract and three (3) more years.
b) The assignee has an adequate financial capacity to meet the obligations derived from the Contract assigned.
c) The assignee has Crude of its own/production.
d) The assignee provides and adequate and acceptable Bond payment to ECOPETROL for the fulfillment of the obligations derived from the Contract.

19.4 ECOPETROL may assign the Contract without the authorization from the SENDER.

CLAUSE TWENTIETH
LICENSES, PERMITS AND AUTHORIZATIONS

20.1 The Parties are obliged to have or obtain all required licenses, permits and authorizations for the execution of the purpose of the Contract. Each Party shall be individually liable for all those risks, fines, sanctions or damage caused as a result of the absence of any license, permit or authorization that is obliged to obtain and therefore shall defend and hold the other Party harmless before any authorities, judges and third parties.

CLAUSE TWENTY-FIRST
EXCLUSION OF THE LABOR RELATION

21.1 The Parties do not assume any labor relationship with personnel that, by virtue of the Contract, are assigned to the other Party for the appropriate execution of the same. All future or present obligations resulting from the relations of the Parties with its personnel shall be exclusively borne by the Party involved, and therefore, each Party assumes full responsibility concerning compliance with labor regulations and social security and shall hold the other Party harmless against any claim in connection with any violation to the mentioned regulations.

CLAUSE TWENTY-SECOND
INDEMNITY

22.1 ECOPETROL is obliged to protect, indemnify and hold the SENDER harmless against any loss, cost or damage to be caused or derived from, or related with the breaching of the Contract by ECOPETROL, save the same are caused by Excusable Events.

22.2 The SENDER is obliged to protect, indemnify and hold ECOPETROL harmless and its parent, affiliates and subsidiaries, and the directors, employees, agents and representatives of ECOPETROL, and of its affiliates and subsidiaries against any loss, cost or damage to be caused or derived from or related with the execution of the Contract, except (i) by causes exclusively attributable to ECOPETROL or (ii) force majeure or unforeseen circumstances and acts of third parties.

CLAUSE TWENTY-THIRD
CONFIDENTIALITY

23.1 The Parties make the commitment to keep strict confidentiality and not to disclose to any person any information considered as confidential (the "Information"), which has been provided through the development of the Contract hereof, and through the development of the activities inherent to ECOPETROL and/or the SENDER.

23.2 Without prejudice of the foregoing, only in the following cases information may be disclosed:

a) When the disclosure of information is mandatory by law;
b) When the disclosure of information is ordered by a competent authority;
c) When the information in question is of public domain, without any action or omission from the Parties; or
d) When the entity providing the information authorizes it, in each case, previously and in writing;

23.3 For any information to be disclosed, that must be or wished to be disclosed as established in previous numerals, only the disclosure in question shall proceed after consulting, if the period granted by law or the authority ordaining the disclosure of the information allows it, with the Party that has provided the information.

23.4 Furthermore, it shall be understood that the Information may be disclosed to employees, advisors and officers of the Parties, as well as employees, advisors, officers, auditors and insurance companies of the shareholders of ECOPETROL or the SENDER (including parents, affiliates and subordinates).

23.5 In any case, the Parties shall ensure that persons to whom the Information is disclosed hold, in turn, said Information as confidential and refrain from disclosing it. The Parties shall be responsible for any disclosure of Information to any of its employees, advisors and officers. If the Parties become aware of any unauthorized disclosure of confidential Information, it shall be notified immediately to the other Party and jointly shall take all measures necessary and/or convenient to prevent other disclosures of Information in the future.

23.6 The SENDER shall solely use or permit the use of the Confidential Information disclosed under the execution of this Contract to perform it. The disclosure of Confidential Information under this Contract shall not grant any other right.

23.7 The SENDER shall be responsible for ensuring that all persons to whom the Confidential Information is revealed under the execution of this Contract maintain said Information as Confidential and without disclosing it to any unauthorized persons. The SENDER shall be liable for any damage caused to ECOPETROL in case of breaching the Contract hereto, or if through negligent actions or omissions, discloses or makes public any Confidential Information outside the terms set out herein in accordance with law.

23.8 ECOPETROL may request the return of the Information at any time after notifying in writing to the other Party. Within thirty (30) days following the reception of said notification, the SENDER shall return all original Information and destroy or make to be destroyed all copies and reproductions (in any manner, including but without being limited to electronic means) in its possession and in possession of persons to whom it was disclosed pursuant with the Contract hereof. In any case, upon expiration of the term of execution of the Contract, the SENDER shall return all original Information and destroy or make to be destroyed all copies and reproductions (in any manner, including but without being limited to electronic means) in its possession and in possession of persons to whom it was disclosed pursuant with the Contract hereof.

23.9 During the term of execution of the Contract, ECOPETROL is obliged to keep in reserve and not to disclose the information expressly identified and in writing by the SENDER that is protected by copyrights or industrial secret pursuant to the regulations in force, that is directly delivered by the SENDER as a result of the execution of the Contract, and makes the commitment not to deliver said information to any third parties, except as ordered by the judicial or administrative authorities or in events required by the legal provisions in force.

23.10 This confidentiality clause shall keep its validity, inclusively after the date of termination of the Contract hereto, until the date in which all obligations set out in this clause are fulfilled.

CLAUSE TWENTY-FOURTH
SOCIAL CORPORATE RESPONSIBILITY

24.1 The SENDER undertakes the commitment to:

a) Respect and obey the Good Governance Code and Policies of Integral Responsibility and Social Corporate Responsibility of ECOPETROL.

b) Make the best efforts to establish and maintain, as best as possible, good relations with the institutions (authorities) and communities settled in the region and in the area where the Contract shall be executed.

c) Report to ECOPETROL or whoever replaces it, any incidents or new actions that may affect its image and/or the image of ECOPETROL, within three (3) business days after the occurrence of said incidents, in order to have consensus in the handling of said incidents.

CLAUSE TWENTY-FIFTH
COMMITMENT WITH TRANSPARENCY

25.1 The SENDER undertakes the obligation to:

a) Maintain conducts and appropriate controls to ensure an ethical conduct and in accordance with regulations in force.
b) Refrain from making (directly or indirectly, or through employees, representatives, affiliates or contractors) payments, loans, gifts, gratifications, commissions, to employees, managers, administrators, contractors or suppliers of ECOPETROL, public officials, members of corporations of popular election or political parties, in order to induce such persons to conduct any action or make any decision or use their influence in order to contribute to obtain or retain businesses in connection with the Contract.
c) Refrain from originating records or inaccurate information, or publish information that affects the image of the other Party when based on assumptions that have not been demonstrated.
d) Avoid any situation which may generate a conflict of interest.
e) Communicate mutually and reciprocally any deviation from the line of conduct indicated in this clause.

25.2 The SENDER states to be aware of and accepts the Code of Ethics of ECOPETROL found in the following website: www.ecopetrol.com.co, and the provisions on conflict of interest existing in the by-laws of ECOPETROL found in the same website. In case ECOPETROL determines that the SENDER has incurred in conducts that violate the clause hereof, ECOPETROL may terminate the Contract.

CLAUSE TWENTY-SIXTH
INTEGRITY

26.1 The Contract hereof constitutes a sole and integral agreement regarding the purpose of the same and replaces any previous agreement that has not been written in this Contract.

26.2 The following documents are an integral part of the Contract:

ANNEX 1 MANUAL OF THE SHIPPER OF THE ECOPETROL S A PIPELINE

ANNEX 2 GUIDELINES FOR THE ADMINISTRATION OF RECEIVABLE SERVICES OF ECOPETROL

ANNEX 3 GENERAL CLAUSES OF ECOPETROL FOR PERFORMANCE POLICIES

ANNEX 4 STAND-BY LETTER OF CREDIT FORM

26.3 Likewise, all regulations and procedures that ECOPETROL has established for the development of the activities being the purpose hereto are an integral part of this Contract.

CLAUSE TWENTY-SEVENTH
LEGAL REGIME

27.1 The relation established in the Contract hereof is of commercial nature and therefore is governed by the regulations of Colombian private law.

CLAUSE TWENTY-EIGHTH
NOTIFICATIONS

28.1 All communications and invoices between the SENDER and ECOPETROL delivered as a result of this Contract shall require for its validity to be in writing, and depending on the will of the Party issuing it, they will have to be:

a) delivered personally; or
b) transmitted by facsimile, electronic mail or any other means through which it may be proved its delivery and reception (with proved reception and confirmation by mail).

28.2 All communications shall deemed as served and valid:

a) On the reception date if delivered personally, or
b) Twenty four (24) hours after the transmission date, if transmitted by facsimile, electronic mail or any other means through which its delivery and reception may be proved; provided however, confirmation is received within the following three (3) days; whatever occurs first.

28.3 Each Party may change the address for these purposes, with previous written communication to the other Party with fifteen (15) calendar days in before the expected date for such change.

28.4 All notifications and communications to be made to the Parties as a result of the execution of this Contract shall be delivered to the addresses indicated in the Specific Conditions.

CLAUSE TWENTY-NINTH
MISCELLANEOUS

29.1 Severability: the voidance, nullity or inefficacy of any provision of this Contract shall not affect the validity, efficacy and enforceability of all other provisions of the same. In these events the Parties are obliged to negotiate in good faith a clause resulting legally valid, and enforceable, whose purpose is the same of the provision or provisions having vices of nullity, invalidity or non-enforceability, as the case may be.

29.2 Administration and Inspection: ECOPETROL shall designate an administrator and inspector of the Contract, whose functions shall be established in the Manual of Administration and Inspection of ECOPETROL.

29.3 Survival: The termination of this Contract shall not relieve the Parties from any obligation towards the other Party pursuant to this Contract, or any other loss, cost, damage, expense or responsibility which may occur under this Contract before or as a result of said termination.

CLAUSE THIRTEENTH
PERFECTION AND EXECUTION

30.1 The Contract hereof is perfected with the subscription of the same. For its execution the approval of the bond assumed by the SENDER is required.

ANNEX 1

MANUAL FOR THE TRANSPORTER OF PIPELINES ECOPETROL S A

MANUAL FOR THE TRANSPORTER OF PIPELINES ECOPETROL S A

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CLAUSE 1. PURPOSE

1.1 The Pipeline is for private use considering its nature and in accordance to the provisions in the Colombian Code of Crude Oils.

1.2 The purpose of this Manual of the Transporter of the Pipeline (hereinafter the "Transporter's Manual) is to establish the general conditions for the Transportation of Hydrocarbons of the Owners through the Pipeline.

1.3 Likewise, conditions for the access of Third Parties to the Pipeline are established in those events in which there is Available Capacity in the Pipeline.

CLAUSE 2 DEFINITIONS

2.1 All terms listed hereunder shall have the meaning assigned in this Manual without any difference when the term is used either in singular or plural, upper or lower case letters.

2.1.1. Transportation Agreement or Transportation Contract: means the agreement between the Transporter and a Sender whose purpose is the Transportation of Crude Oil through the Pipeline.

2.1.2. Operating agent or agent: means any natural or legal person, public or private person involved the technical and/or commercial relations for the provision of Transportation services of Crude Oil through Pipelines.

2.1.3. Water and sediment: means any material coexisting with Crude Oil without being part of the same.

2.1.4. Fiscal Year: means the period of time starting at 00:01 hours of January 1st of a year and ending at 24:00 hours of 31 December of the same year. Always being referred to Colombian time

2.1.5. API: means the American Petroleum Institute.

Also it will have the meaning corresponding to the measuring unit for density (API 141.5/GE-131.5; where GE is defined as specific gravity), known internationally as one of the sale properties of Hydrocarbons depending on the context used.

2.1.6. ASTM: American Society for Testing Materials.

2.1.7. Provisional Notice: means the notification that the Transporter will deliver to the Sender regarding any damage or additional costs incurred, or about its intention to withdraw and use the Sender's Crude to pay monies in favor of the Transporter or the owner, borne by the Sender and/or to avoid any Operational affectations in the Pipeline.

2.1.8. Balance for the Sender: means the volumetric balance for each of the Senders using the Pipeline.

2.1.9. Volumetric Balance: means the balance of Operations conducted by the Transporter at the end of each month of Operation, in order to establish the amounts of Crude handled in the Pipeline and to make the determination and distribution of Crude losses.

2.1.10. Barrel: means a volume equal to 42 United States of America gallons. Each gallon is equal to three liters and seven thousand eight hundred and fifty three ten thousands of liters (3.7853).

2.1.11. Standard Barrel: means the volume of Hydrocarbons including dissolved water, suspended water and suspended sediment but excluding free water and bottom sediments, calculated at standard conditions (60F and 14.7 lbf/in, or 15C and 1.01325 bares).

2.1.13. Net Standard Barrel: means the volume of Hydrocarbon excluding total water and total sediment, calculated at standard conditions (60F and 14.7 lbf/in, or 15C and 1.01325 bars).

2.1.14 Barrels per Calendar Day (bpdc): means the measuring unit of flow volume referring to the average value of a specific period.

2.1.15 Barrels per Operational Day (bpdo): means the measuring unit of flow volume referring to the average value of days effectively operated.

2.1.16 Bulletin of Transportation by Pipeline: means the website in which the Transporter makes available to agents and all other interested parties, the information indicated in resolutions No 18-1258 and 12-4386 of 2010, issued by the Ministry of Mines and Energy, which regulates Transportation through Pipelines and the methodology to set out the rates, as amended or superseded.

2.1.17 Quality of a Hydrocarbon: means a set of characteristics contained in a volume of Hydrocarbon. These characteristics are referred, among others, to viscosity, API gravity, specific gravity, percentage in weight of sulfur, Point of fluidity, acidity, steam pressure, percentage in volume of water, percentage in weight of sediments and salt content.

2.1.18 Contracted Capacity: means the Capacity of the Pipeline committed through Transportation Contracts.

2.1.19 Designed Capacity or Transportation Capacity: means the Transportation Capacity for Crude Oil established for the Pipeline, based on the Crude properties and specifications of the equipment and tubing for the calculation and design of the Pipeline. If the design of the Pipeline is modified to increase said Capacity, then this will be the new design Capacity.

2.1.20 Owners Capacity: means the Transportation Capacity of the Pipeline necessary in a period of time for the Transportation Crude Oil owned by its owners, its parent companies or subsidiaries.

2.1.21 Available Capacity: means, for a specific period of time, the difference between the effective Capacity and the sum of: i) the owner's Capacity, ii) the Contracted Capacity and iii) the preferred rights, which shall be available for the Transportation of Third Party's Crude under the conditions set out in the Manual hereof.

2.1.22 Effective Capacity or Transportation Effective Capacity: means the maximum average Capacity of Transportation, which may be used for Crude Transportation in a specific period of time. This is calculated as the product of the nominal Capacity by the service factor.

2.1.23 Nominated Capacity: this means the Crude volume that, according to a letter from the Sender or Third-Party delivered to the Transporter in the respective month of nomination, and in accordance with the procedures established in this Manual, they require it to be transported through the Pipeline.

2.1.24 Nominal Capacity: means the maximum Transportation Capacity between a pumping station and a Pipeline terminal, or between two pumping stations, calculated considering the installed equipment in the system and the expected quality of Crude for a specific period of time. It is expressed in BOPD for a Hydrocarbon of standard barrel characteristics in terms of viscosity in cstks at 30 C and API at 60 F according to the design Capacity of the Pipeline.

2.1.25 Programmed Capacity: this means the portion of the effective Capacity of Transportation of the Pipeline assigned to each Sender or Third Party requesting the Transportation service in accordance with the provisions in this Manual.

2.1.26 Volumetric Compensation for Quality or CVC: this means the procedure by which Senders are compensated for the gain or loss in the discounts of Crude as determined by the difference between the Crude delivered by the Sender at the Point of Entrance compared to the Crude withdrawn at the Point of Exit.

2.1.27 Monetary Conditions: means the tables or formulas to calculate any extra charge and bonuses for Crude quality and commercial discounts applied on the Rate for the Line.

2.1.28 Connection: this means the installation that allows delivery of Crude to the Pipeline and/or withdrawal of Crude from the Pipeline.

2.1.29 Ship or Pay Transportation Contract: this means the agreement between the Transporter and a Sender that regulates the provision of the Transportation service of Hydrocarbons for a specific Contracted Capacity in firm, understanding that the Sender has a permanent right for the Transportation of a specific volume of Hydrocarbons, and that the Payment of the rate is agreed in firm, regardless of the volume effectively transported or even if no volume is transported.

2.1.30 Spot Transportation Contract: this means the agreement between the Transporter and a Sender that regulates the provision of the Transportation service of Hydrocarbons for a specific Contracted Capacity in a month of Operations, subject to the available Capacity of the Pipeline in the process of nomination.

2.1.31 Coordination of Operations: means the set of activities conducted by the Transporter to control the development of the Transportation program and procure its fulfillment.

2.1.32 Crude Oil or Hydrocarbon: means the natural mix of Hydrocarbons in accordance with the definition through the article 1 of the Petroleum Code, which exists in underground deposits and remains liquid at atmospheric pressure after going through the separation facilities on surface, as well as the products necessary to make viable its Transportation such as diluents.

2.1.33 Crude for Transportation: means the inspected Crude Oil delivered to the Pipeline for Crude Transportation. This category includes inspected Crude Oils both segregated or separated from others as well as those mixed between them, when they may be mixed, in both cases, with any other substance for Transportation purposes.

2.1.34 Inspected Crude: means the Crude Oil treated, dehydrated, degasified, drained, settled, stabilized and measured at the inspection facilities.

2.1.35 Mixed Crude or Mix: means the combination of different Crude before and/or after delivered to the Pipeline to be transported.

2.1.36 Segregated Crude: means Crude Oil that by agreement between the Transporter and a Sender is decided to be transported through the Pipeline without being mixed with other Crude.

2.1.37 Preferred Right: means the power that the National Government has through the National Agency of Hydrocarbons (ANH) or whoever replaces it, on the Design Capacity of the Pipeline for the Transportation of royalty Crude. This preference is limited to Crude Oil coming from royalties corresponding to production served through the Pipeline. The preferred right shall be up to 20% of the design Capacity.

2.1.38 Day: means the period of twenty four (24) hours starting at 00:01 of one day and ends at 24:00 of the same day, always referring to Colombian time.

2.1.39 Diluent: means the natural or refined product mixed with heavy Oil to facilitate Transportation through the Pipeline.

2.1.40 Delivery: means the action by which the custody of the volume of the Sender's Crude is transferred to the Transporter to be shaped through the Pipeline.

2.1.41 Reasonable Effort: means the effort that a prudent person makes in handling his own business while protecting his interests.

2.1.42 Initial Pumping Station: means the initial station of the Pipeline.

2.1.43 Final Station: means the final Station on the Pipeline.

2.1.44 Justified Event: means any event or circumstance beyond the Transporter's control such as, including but not limited to, strange cause, force majeure, acts of nature, acts of a Third-Party or the victim, labor disputes or actions of any kind arising from organized labor, outside war (whether or not declared), civil war, sabotage, revolution, insurrection, riots, civil unrest, terrorism, illegal actions from Third parties, epidemics, cyclones, tsunamis, landslides, lightning, earthquakes, floods, rainstorms, fire, adverse atmospheric conditions, expropriation, nationalization, laws, regulations or orders for any competent authority, distortions, damage or accidents in machinery, equipment, Pipelines, power transmission lines or other facilities, attachments, impossibility or delays in obtaining equipment or materials, inherent vices of crude oil, among others.

2.1.45 Service Factor: means that percentage effectively uses of the nominal Capacity due to temporary operating and maintenance restrictions of the Pipeline and its complementary facilities, calculated for a specific period of time in which the effects of unavailability of mechanical equipment, maintenance programs of the line and the number of days of the period considered must be taken into account.

2.1.46 Line Fill or Pipeline Fill: means the volume of Crude necessary to fill in the lines of the Pipeline between the initial pumping station under final station, the bottom of the storage tanks that cannot be pumped o that serve the Pipeline, and all installations, lines, pumping and measuring equipment.

2.1.47 Calendar Month: means the period of time starting at 00:01 hours of the first day of the Gregorian month and ends at 24:00 hours of the last day of the same Gregorian month.

2.1.48 Nomination Month: means the calendar month immediately before a month of Operations.

2.1.49 Operation Month: means the calendar month during which the Transporter executes the Transportation program.

2.1.50 Entrance Node: means the set of facilities located in a determined geographical area where the Sender delivers the Crude and in which a distance is started.

2.1.51 Exit Node: means the set of facilities located in a determined geographical area where the Sender withdraws the Crude and in which a distance ends.

2.1.52 Nomination: means that transportation service request formalized by each Sender or Third-Party for the month of Operation, specifying the required Transportation volume, the Point of Entrance, the Point of Exit and the quality of Crude and the characteristics of Crude required to be transported.

2.1.53 Pipeline: means all the necessary physical facilities for the Transportation of Crude Oil from the nodes of Entrance to the nodes of Exit including, among others, pipes, pumping units, measuring units, control systems and tanks used for the Operation of the Pipeline.

2.1.54 Operator: means the Transporter or the natural or legal person that performs the Operation tasks of the Pipeline.

2.1.55 Party: means the Transporter and/or Sender, or there assignees as the case may be.

2.1.56 Identifiable Losses: means the losses of Crude that may be located in a specific Point of the Pipeline and attributable to specific events such as breakages, spills, attacks, theft, force majeure or acts for nature.

2.1.57 Non-identifiable Losses: means the normal losses inherent to the Operation of Transportation in the Pipeline corresponding, among others, to what volumetric contractions as a result of the mix, leakages in the equipment, drainages, evaporation and other reasons originated in the handling of the Pipeline.

2.1.58 Transportation Plan: means the projection of the volumes to be transported through the Pipeline and the available Capacity in the medium and long term.

2.1.59 Transportation Program or Program: means program of Operations of the Pipeline for a month of Operations prepared by the Transporter, days on the cycle of nomination of Transportation. It specifies the use of the effective Capacity, the volumes of Crude entering at the Points of Entrance and volumes of Crude coming out from the Pipeline at the Points of Exit.

2.1.60 Owner: means Capacity S.A. as an exporter company and/or refiner of Crude Oil and its parent and/or branches, holders of the goods and Pipeline's facilities.

2.1.61 Point of Entrance: means the exact Point of the Pipeline, in which the Transporter assumes custody of the Crude delivered by the Sender at the node of Entrance. This must be specified in the Transportation agreement.

2.1.62 Point of Fluidity: means the temperature at which a Crude Oil ceases to flow.

2.1.63 Point of Exit: means the exact of the Pipeline in which the Sender takes the Crude Oil delivered by the Transporter that the node of Exit and the ceases custody of the Crude by the Transporter. This must be specified in the Transportation contract.

2.1.64 Sender: means the natural or legal person to whom the Transporter provides Transportation service of Hydrocarbons through the Pipeline. It shall be understood that the Sender acts as the owner of the Crude to be transported unless specified otherwise. Among the Senders are the ANH and the owner. Any Third parties and the ANH acquire the Capacity of Senders when enter into a Transportation contract with the Transporter.

2.1.65 Withdrawal: means the act by which he Transporter returns to the Sender or whoever is designated, at the Point of Exit, a volume of Hydrocarbons ceasing its custody.

2.1.66 Withdrawal by Defect: means the volume of Crude that is Sender is not withdrawn according to the Transportation program.

2.1.67 Withdrawal by Excess: means the volume of Crude that has been withdrawn from a Sender above the limits in the Transportation program.

2.1.68 Transportation Rate or Rate: means the monetary value per barrel charged by the Transporter to the Senders for the Transportation service. Surcharges, bonuses and discounts shall be applied to this rate as specified in the monetary conditions.

2.1.69 Third Party: means the person that has the ownership title or holding of the Crude Oil and requires from the Transporter the provision of the Transportation service through the Pipeline, conditioned to the existence of available Capacity.

2.1.70 Transporter: means Capacity S A owner of the Pipeline, or the person appointed as a representative or assignee, whose activity is the provision of the Transportation service.

2.1.71 Distance: means the portion of the Pipeline from a node of Entrance and a node of Exit, which must have a rate.

2.1.72 Volume to Transport: means the Gross Standard Barrels delivered by the Sender to the Transporter at the Point of Entrance.

CLAUSE 3 GENERAL DESCRIPTION OF THE PIPELINE

The descriptions of the systems to which this Transporter Manual applies are published in Annex 3, description of the systems.

CLAUSE 4 OBLIGATIONS OF THE PARTIES

4.1 Obligations of the Senders: The following are obligations of the Sender:

4.1.1 Enter into Transportation Contracts with the Transporter.

4.1.2 Report to the Office of Hydrocarbons of the Ministry of Mines and Energy by communication delivered within ten (10) days following the contracting of the service its Transportation through the Pipeline and the Distance to be used, the origin (regions, municipalities and fields) of the Crude Oil to be transported and the term of the Transportation contract.

4.1.3 Provide the Transporter in on a timely basis and in accordance with the time schedule set out for said purpose, the necessary information for preparation of the Transportation Plan.

4.1.4 Timely present the nomination to the Transporter pursuant to the conditions, specifications, and based on the procedure set out in this Manual.

4.1.5 Comply with and implement the commercial, Operational and administrative procedures of the Manual hereof.

4.1.6 Comply with the Transportation program defined for the month of Operation for the delivery of Crude to the Pipeline at the Point of Entrance and implement whatever may be necessary for its reception at the Point of Exit in accordance with the procedures defined in this Manual.

4.1.7 Deliver and withdraw the Crude Oil within the limits of quality, volume, opportunity and all other conditions set out in this Manual.

4.1.8 Accountable for the consequences derived for its failure to comply with the obligations agreed in the Transportation contract.

4.1.9 Refrain from conducting restrictive commercial practices or those considered as unfair competition as set forth in laws 155 of 1959, 256 of 1996, Decree 2153 of 1992, Law 1340 of 2009 and all other regulations as amended and superseded.

4.1.10 Comply with the regulations set out by the competent authority on environmental protection and preservation.

4.1.11 Comply with the regulations and procedures set out in this Manual for the connection of the Pipeline, as it may be applicable under the Transporter's judgment.

4.1.12 Pay the rates established for the distances being the purpose of the Transportation service.

4.1.13 Pay to the Transporter, acting as a collector, the Transportation tax established by the legislation for Crude Oil Transportation through Pipelines.

4.1.14 Provide the information as required by the Office of Hydrocarbons of the Ministry of Mines and Energy in order to exercise adequate control of the activity.

4.1.15 Refrain from conducting any actions that may affect the normal Operation of the Pipeline and may cause damage to the Transporter or other Senders.

4.1.16 Contribute and maintain in the Pipeline the quantity of Crude Oil as may be necessary to fill in the line according to the instructions provided by the Transporter.

4.1.17 Indemnify the Transporter and the owner for any damage which may be caused by, or as a consequence of failing to fulfill its obligations.

4.1.18 all those derived from the Transportation contract of this Manual and any applicable regulations.

4.2 **Obligations of the Transporter:** The following are obligations of the Transporter:

4.2.1 Maintain the Pipeline in adequate operating conditions.

4.2.2 Allow access to the Pipeline of any Third parties requesting it in those cases in which there is available Capacity, provided they fulfill the requirements established in this Manual.

4.2.3 Enter into Transportation Contracts with Senders and Third parties which comply with the requirements of this Manual.

4.2.4 Prepare, publish and keep the BTO updated.

4.2.5 Submit the Manual to the Office of Hydrocarbons of the Ministry of Mines and Energy, keep it updated and publish it in the BTO.

4.2.6 Report to the Office of Hydrocarbons of the Ministry of Mines and Energy, the Transportation Contracts subscribed with the Senders within ten (10) days after its execution.

4.2.7 Pursuant to Article 47 of the Petroleum Code of Colombia give notice to the Office of Hydrocarbons of the Ministry of Mines and Energy on the Transportation requests made by Third parties to use the available Capacity within (30) days following reception of the applications, indicating the Contracting Party or applicant, the distance and the volumes to be transported.

4.2.8 Conduct its Transportation activity separately from other activities and giving an objective treatment to all agents in connection with the Pipeline.

4.2.9 Refrain from conducting restrictive commercial practices or those considered as unfair competition as set forth in laws 155 of 1959, 256 of 1996, Decree 2153 of 1992, Law 1340 of 2009 and all other regulations as amended and superseded.

4.2.10 Provide suitable facilities to receive the Crude Oil according to their specifications set out in this Manual, control volumes and the quality of the same and carry out the Transportation according to the industry's specifications.

4.2.11 Attend the Transportation requirements from Third parties and Senders, and implement the nomination process under the terms set out in this Manual and the applicable regulations.

4.2.12 Provide the Senders the information on volumes at the Point of Entrance, volume withdrawn at the Point of Exit and the inventory of Crude in the Pipeline.

4.2.13 Establish control and inspection mechanisms to maintain the integrity of the Pipeline, and based on this, schedule maintenance and required repairs.

4.2.14 Calibrate the measurement and quality control instruments of Crude Oil, according to the procedures and timing required by the producers, the technical regulations and provisions established for this purpose in this Manual, inviting the Senders or their representatives to provide support if considered necessary.

4.2.15 Charge the corresponding rates for Transportation services.

4.2.16 collect and Pay the Transportation tax pursuant to article 26 of Law 141 of 1994 or any other regulations as amended or superseded.

4.2.17 Publish the Transportation rates in the BTO.

4.2.18 Comply with all regulations set out for the protection and preservation of the environment foreseeing all procedures for closing and abandonment of the Pipeline.

4.2.19 Submit to the Office of Hydrocarbons of the Ministry of Mines and Energy before March 1 of each year, the special annual report referred to in article 204 of the Petroleum Code or any other regulations as amended or superseded.

4.2.20 Use the available Capacity if there is any, for the Transportation of Third Party's Crude, upon request, and with the previous subscription of the respective Transportation contract.

4.2.21 Maintain rules and procedures to attend expansion requests, when the available Capacity is not sufficient to cope with the Transportation requests of Crude from Third parties

4.2.22 allow preferred Transportation of Crude Oil to refineries in order to satisfy the country's needs and avoid a national shortage pursuant to article 58 of the petroleum code.

4.2.23 Permit that, in the event there is available Capacity, the Sender or Third Party conduct additional investments as required, to provide access and Capacity to use that means of Transportation pursuant to the regulations on access and investments indicated in this Manual and other applicable regulations.

4.2.24 Submit to the Office of Hydrocarbons of the Ministry of Mines and Energy the information on cost, rates on volumes and all other information as required.

4.2.25 All those derived from the Transportation contract of this Manual and other applicable regulations.

CLAUSE 5 FEES

5.1 The Pipeline fee shall correspond to the rate established according to the methodology to set out rates pursuant to resolution 124386 of 2010 from the Ministry of Mines and Energy as amended or superseded.

5.2 Without prejudice of the foregoing, the Transporter may agree with the Senders the monetary conditions for the Pipeline fee considering the commercial and technical items listed hereunder, including but without being limited to:

5.2.1 Commercial Conditions

5.2.2 Contracted Capacity

5.2.3 Contracted Term

5.2.4 Contracted Type

5.2.5 Payment Terms

5.2.6 Crude Oil Quality

5.2.7 About Utilization

5.3 The corresponding Party shall assume any taxes as indicated by law. The Transportation Tax is the responsibility of the Sender and is not included in the fee.

CLAUSE 6 SPECIAL SERVICES

6.1 Increases in the Transportation Capacity.

6.1.1 In the event in which the Pipeline falls short in the effective Capacity of Transportation for the Shipment of Hydrocarbons of any of the Senders and if there is the technical possibility to increase it through the use of any friction reduction agents or other Operational adjustments, the Transporter may technically assess and approve this option, in which case the Sender may use this alternative under the agreements and commercial conditions established by the parties. The Sender understands and accepts that any costs resulting from the implementation of this alternative are additional to the rate agreed, shall be borne by the Sender and shall not be considered as an additional rate for the Transportation service.

6.2 Transportation of Segregated Hydrocarbon

6.2.1In the event in which any Sender requires to transport Hydrocarbons in a segregated manner, the Transporter may agree with this option if it is technically and commercially viable, in which case the Sender may use that alternative under the agreements and technical and commercial conditions established with the Transporter. The Sender understands and accepts that any costs and damage resulting from the implementation of this alternative are additional to the rate agreed, shall be assumed by the Sender and under no circumstance constitute an additional rate for the Transportation service.

CLAUSE 7 ADJUSTMENT OF THE EFFECTIVE CAPACITY OF THE SYSTEM DUE TO VARIATIONS IN THE SPECIFICATIONS OF HYDROCARBONS

7.1 The effective Transportation Capacity may vary as a function of the Hydrocarbon specifications pumped in the Pipeline. The specifications of the Hydrocarbon delivered by the Senders may vary from this standard, obtaining as a result a variation in the effective Transportation Capacity in the Pipeline.

7.2 In case there is an increase in the effective Transportation Capacity by using a Hydrocarbon of different specifications to those agreed in the Transportation contract, this Capacity in excess shall be assigned according to the order of priorities established in this Manual.

7.3 If a Sender with a Ship or Pay contract nominates a Hydrocarbon of lower specifications to those agreed in the Transportation contract and this generates a decrease in the Transportation effective Capacity, the Transporter may accept the delivery of the Hydrocarbon, in which case the Sender understands and accepts that it will transport a lower equivalent quantity dude to the change in the specification and the economic conditions of the Ship or Pay contract shall not be modified.

7.4 The Transporter shall be in charge of defining the increases or decreases of Capacity generated by a variation in the specifications of the Hydrocarbon. This process shall be conducted once a month as part of the nomination process.

CLAUSE 8 PROJECTIONS, NOMINATION AND TRANSPORTATION SCHEDULE OF THE PIPELINE

8.1 Projections.

8.1.1 In the month of October of each year, the Transporter shall prepare the Transportation plan for the following five (5) fiscal years, expressed in barrels per calendar day (bpdc *in Spanish*). For the first year volumes per month shall be provided and for subsequent years there will be volumes per year. As a result of the preparation of this Transportation plan, the estimation of the available Capacity the Transportation of Third Party's Crude shall be available in compliance with the provisions in article 47 of the petroleum code as amended or superseded. These information and Transportation Capacity shall be available for consultation in the BTO.

8.1.2 The procedure to be followed shall be as follows:

8.1.2.1 The first day of each September or before, all Senders shall submit to the Transporter the information on the projections of the volumes to be nominated for the five subsequent fiscal years and for the following fiscal year this information shall be specified monthly. Such information shall include the following:

8.1.2.1.1 The best estimate of the Sender, the volume to be transported in bpdc, assuming uniform flow rates expressed separately for each Hydrocarbon to be delivered;

8.1.2.1.2 The quality characteristics of each Hydrocarbon;

8.1.2.1.3 The Points of Entrance, expressed separately for each Hydrocarbon, with the delivery program for each of them; and

8.1.2.1.4 The Points of Exit, expressed separately for each Hydrocarbon, with the withdrawal program for each of them.

8.1.2.2 Within the first 15 days of the Third calendar month of each quarter, the Sender shall deliver to the Transporter the update of the volume projections to be nominated in average per day for the remaining calendar months of the current fiscal year and the average per day for the following two fiscal years.

8.2 Nomination Scheme and Transportation Schedules

8.2.1 Nominations are accepted and scheduled independently from the incoming restrictions to other systems, upon which there is no responsibility from the Transporter to make these schedules or to contract Transportation quotas in other Transportation systems.

8.2.2 The following process is established in order to comply with and enforce Transportation schedules:

8.3 Nomination of the ANH, Owners and Senders with Ship or Pay Contract.

8.3.1 At the latest on the Third calendar day of the month of nomination, the ANH or whoever is designated shall carry out the nomination of the royalties of Crude Oil coming from the fields served by the Pipeline. In this same term, the owners shall nominate the Crude Oils possessed and all other Senders with Ship or Pay contract shall carry out the nomination of their Transportation requirements for the following month of Operation. Additionally, the Senders previously mentioned shall deliver their tentative Transportation needs for the following five calendar months. The Sender shall specify: name of the Hydrocarbon, the requested volume to be transported, quality, regime of deliveries during the month of Operation, Point of Entrance and Point of Exit, as well as any other specific information as required or requested by the Transporter.

8.3.2 If the nomination of royalties is higher than the preferred right, the nomination shall be adjusted to that value. Royalty Crude Oils are considered those directly nominated by the ANH in its Capacity as Sender or whoever is designated, except when these are sold to another Sender or to a Third Party. If the owners buy Crude from royalties, the Transporter shall account for them within the preferred right without affecting the Capacity of the owner.

8.4 Acceptance and rejection of Nominations and disclosure of Available Capacity.

8.4.1At the latest on the seventh calendar day of the month of nomination, the Transporter shall communicate to the ANH, the owners and all other Senders with Ship or Pay Contracts its acceptance or rejection of the nominations and the final volume accepted, taking into account the priorities, the overutilization and the generation of additional Capacity due to change in specifications of the Hydrocarbon. Senders with Ship or Pay contract shall be assigned volumes to be transported up to the volume of their Contracted Capacity. Based on the accepted nominations, the Transporter shall calculate the available Capacity, which shall be published in the BTO as previous requirement to any additiona nominations of Senders and of Third parties having any interest and contracting the Transportation service.

8.5 Additional Nominations of Senders and nominations from Third Parties

8.5.1At the latest on the ninth calendar day of the month of nomination, any Third Party may carry out the nominations of their Transportation requirements under the modality of Spot Contracts for the month of Operation. All Senders may nominate additional volumes at this stage. Additionally, all Third parties and Senders with additional nominations to their Contracted Capacity shall deliver the tentative Transportation needs for the following five (5) calendar months. Third parties and Senders shall specify: name of the Hydrocarbon, request for the volume to be transported, delivery schedules during the month of Operation, Point of Entrance and Point of Exit, as well as any other information as required by the Transporter.

8.5.2 if nominations exceed the available Capacity of the Pipeline, the assignment of the volumes to be transported shall be at a prorate of the requests received and up to the available Capacity.

8.6 Closing the Nomination Process

8.6.1At the latest on the twelfth calendar day of the month of nomination the Transporter shall conduct the closing of the nomination process and shall publish the nominations approved for all Senders and Third parties as well as the Programmed Capacity of the Pipeline. Likewise, it will carry out the publication of any available Capacity if such is the case.

8.7 Final Scheduled of Transportation

8.7.1 The Transporter shall prepare the final scheduled Transportation for the month of Operation and an estimate for the following five (5) calendar months and shall submit it to the Senders and Third parties with assigned Capacity at the latest on the twelfth calendar day of each month of nomination.

8.7.2 This schedule may be modified by the Transporter, among other reasons:

8.7.2.1 Due to justified events that affect the Transportation Capacity

8.7.2.2 By request of the Transporter, accepted by the Senders or by request of a Sender accepted by the other Senders and the Transporter.

8.7.2.3 Derived from any other circumstances beyond the control of the Transporter.

8.7.3 Priority criteria for assignment of capacities en case of the aforementioned modifications shall be those established in clause 10 of this Manual.

8.7.4 The Sender shall notify the Transporter as soon as possible, if it is found that: (i) its deliveries during a month of Operation at a Point of Entrance will be less than 95% of the Scheduled Capacity or (ii) its withdrawals at any Point of Exit shall be less than 95% of the Scheduled Capacity. With the reception of the information, the Transporter shall analyze the impact of the acquired commitments for Transportation and will make decisions at its Sole discretion to mitigate the impact.

8.8 Extemporary Nominations

8.8.1 If any Third Party or the Sender fails to meet the terms set out to nominate in accordance with the procedures contained herein, the Transporter shall not be obliged to accept such nominations. The Transporter shall only accept extemporary nominations as long as the Pipeline has available Capacity. If the nomination is accepted, the Third Party or Sender shall Pay to the Transporter as a penalty, two (2%) of the applicable rate to the volumes in barrels delivered in the Pipeline in the respective month.

8.9 Final Report of Operation

8.9.1 At the end of each month of Operation, the Transporter shall prepare a report which shall be delivered to the Senders at the latest on the tenth (10) working day of the following calendar month of the month of Operation indicating the volumes in Gross Standard Barrels and Net Standard Barrels delivered and withdrawn and the average qualities at each Point of Entrance and Point of Exit.

CLAUSE 9 BALANCE IN EXCESS OR DEFECT

9.1 The following procedure for the balance of each Sender is established as follows:

9.1.1 Each Sender shall schedule its withdrawals according to its delivery schedules.

9.1.2 In case that a Sender fails to fulfill or is not meeting its delivery schedule during the month of Operation, the Transporter may adjust the withdrawal schedule of the Sender in question, to comply at all times with numeral 9.1.1 of this clause. In any case, if the Sender fails to meet its delivery or withdrawal schedule, the Sender shall Pay the Transporter the full amount of costs associated to such breaching, including but without being limited to those referred to storage or disposal of the Hydrocarbon, which shall be reported through a provisional notice.

9.1.3 In case of withdrawals in excess and in defect it is establish that if a Sender withdraws in excess or fails to withdraw its Hydrocarbon at the Points of Exit, pursuant to the current schedule, the Transporter may at its Sole judgment start the following procedure:

9.1.3.1 The Transporter shall offer the withdrawal in defect or a portion of it to other Senders in proportion to the assignment of Capacity in the nomination process in the month of Operation. Each Sender to whom this volume has been offered shall be respond to this offer in the following forty eight (48) hours.

9.1.3.2 As a result of the responses received, according to the offer of numeral

9.1.3.1, the Transporter may make new offerings or assign the withdrawal in defect.

9.1.3.3 Based on the implementation of the procedure, the Senders who will withdraw the volumes in defect shall be determined.

9.1.3.4 The balance of the withdrawals in excess shall be reflected in the volumetric compensation by quality.

9.1.3.5 In no case the Transporter shall be responsible for the Hydrocarbon that a Sender has not withdrawn and as a result of that, the Pipeline had to be evacuated. The Sender that has not withdrawn shall have the exclusive responsibility for all damages and costs caused in the procedures for evacuation that the Transporter has to implement, which shall be informed through provisional notices.

9.1.4 The Transporter shall prepare a monthly balance showing for each Sender, the situation of deliveries and withdrawals in excess or withdrawals in defect. This balance shall be the result of the process of volumetric compensation for quality (CVC)

CLAUSE 10 PRIORITIES IN THE NOMINATION PROCESS

10.1 For purposes of the nomination process the priorities indicated in this clause shall be followed. In the event in which the sum of the volumes requested by the Senders exceeds the effective Transportation Capacity, o when due to the events mentioned in numeral 8.7.2 the effective Transportation Capacity is reduced below the sum of the volumes assigned to the Senders, the Transporter shall calculate the volumes assigned in the Transportation schedule to each Sender according to the following priorities:

10.1.1First: Crude of royalties of the State coming from the fields served by the Pipeline. This priority makes reference to a preferred right that Crude Oils from royalties shall have in the nomination process for the preparation of the Transportation schedules. For purposes of this first priority, Crude Oil sold by the State to a Third Party or Sender non-owner, shall not be considered as Crude of royalties of the State.

10.1.2 Second: Nominations of the owners, its parent and subsidiaries.

10.1.3 Third: Nominations of Senders non-owners with Ship or Pay Transportation Contracts.

10.1.4 Fourth: Nominations of Third Parties.

10.2 For Transportation Contracts different than Ship or Pay Contracts in force prior to the enforcement of this Manual, a transitory priority between Third and fourth priority shall be applied.

10.3 Within the Third and fourth priority, the assignment of volumes or the reduction of volumes assigned shall be made at prorate of the capacities of each Sender and the nomination of each Third Party respectively.

CLAUSE 11 REJECTION OF A TRANSPORTATION REQUEST

11.1 The Transporter reserves the right to reject any Transportation request in addition to the reasons mentioned during the nomination process and the Transportation schedule, those coming from a Sender who has breached a Transportation contract, this Manual or any applicable regulations, including but without being limited to:

11.1.1 Delivery of Hydrocarbons without the minimum quality specifications indicated in this Manual.

11.1.2 Failing to deliver sufficient Hydrocarbons to fill in the line in the proportion that corresponds,

11.1.3 Late Payment or no Payment of the rate,

11.1.4 Failing to comply with the Transportation schedule either in deliveries and/or withdrawals.

11.2 The rejection of a request due to any justified event by the Transporter shall not be considered as a breaching of the obligations of the same and this shall be made without prejudice of other actions the Transporter or the owner may have to make effective the any damages that a Sender or a Third Party may have caused.

CLAUSE 12 QUALITY REQUIREMENTS

12.1 The minimum values of quality that the Crude delivered by the Senders must have to be accepted for Transportation in the Pipeline are:

TEST PARAMETER	VALUE OF THE PARAMETER	TEST STANDARD
Sediment and water or particles	Not to exceed 0.5% in volume	Sediments –ASTM D473 Water – Karl Fisher
API at 60 °F	Higher than 18 degrees API but less than 50 degrees API	D 1298
Viscosity @ temperature of reference	Not to exceed 300 cSt at 30 °C	ASTM D445 or D446
Vapor pressure	Not to exceed 11 lb/square inch Reid Vapour Pressure	ASTM D323
Temperature of reception	Not to exceed 120 °F	
Salt content	20 PTB	ASTM D 3230
Point of fluidity	Not higher than 12 °C	ASTM D 93

For specific systems the Transporter defines minimum parameters for quality which are listed in Annex 4 Minimum Quality Specifications by System.

12.2 Quality Certification.

12.2.1 The Sender shall always provide the Transporter a certificate evidencing the characteristics and quality specifications of the Hydrocarbon, which shall be delivered to the Transporter. The certificate referred to in this numeral shall be issued by a company specialized in this matter and independent from the Sender. If the Sender fails to provide the corresponding certificate, the Transporter shall not have the obligation to accept or transport the Hydrocarbon through the Pipeline.

12.2.2 The minimum characteristics of the Hydrocarbon which must be included in the certificate are: Viscosity cST and SSU at 86°F, 100°F and 140°F, gravity API at 60°F, sulfur content, salt content, BSW, Acidity and Point of fluidity.

12.3 Extra costs

12.3.1 The Transporter and the Sender may agree on the delivery of Hydrocarbons with lower characteristics than the minimum required, in which case the Sender shall pay all costs and expenses to improve the Hydrocarbon and to bring it to acceptable Transportation specifications for the Transporter.

12.3.2 The agreement to make this scheme Operational shall be recorded in writing.

CLAUSE 13 DETERMINATION OF QUANTITIES AND QUALITY

13.1 Measuring equipment and applicable regulations.

13.1.1 Quantity and quality measurements and Hydrocarbon samples delivered or withdrawn shall be conducted by the Transporter or whoever is designated through the measurement systems installed at the node of Entrance and node of Exit; each measuring system installed may include among other things:

13.1.1.1 Calibration unit (Prover) installed and calibrated according to the method “water-draw” (for water distillation) as specified in the Manual API MPMS-4 “Petroleum Measurement Standards”, Chapter 4 “Proving Systems” in the most recent edition.

13.1.1.2 Turbine meters of positive displacement or Coriolis type installed in accordance with Manual API MPM-6 MPMS-4 “Petroleum Measurement Standards”, Chapter 6 “Metering Assemblies Standards” in its last edition. The meters factors shall be derived by calibration using the same standards, taking into account correction by temperature and pressure.

13.1.1.3 A device for continuous sampling as specified in Manual API MPMS “Petroleum Measurement Standards”, Chapter 8 “Sampling” in its last edition. The methods to be used to determine the characteristics of the samples are the following:

- Water (by distillation) ASTM D 4006

- Water by Karl Fisher ASTM D 4377

- Salt content ASTM D 3230

- Sediments (by extraction) ASTM D 473

- Density API 1298

- Sulfur ASTM D 4294

13.1.1.4 A BS&W measuring equipment may also be available by the centrifuge method, following in that case, the proving method ASTM D 4007. The density of samples shall be determined in the event of damage of the density meter or to validate or calibrate the density meter measurements.

13.1.1.5 A density meter for permanent measurement of density.

13.1.1.6 An electronic system for the measurement of flow adjusted to API MPMS, Chapter 21.2 requirements in the last edition.

13.1.1.7 The volumetric correction factor to be applied shall be the one appearing in the last edition of tables 23 and 24 of the ASTM 1250 method.

13.1.1.8 The calculation of the dynamic and static measurements shall be made in accordance with the current API, Chapter 12 or 4 regulations as it may correspond.

13.1.2 The Transporter shall return to the Sender, measured in those nodes of Exit specified by the Sender, a volume of Crude equivalent to the volume delivered by the Sender and measured at the nodes of Entrance with the following adjustments:

13.1.2.1 Deductions for Identifiable Losses and Non-identifiable losses. The Identifiable Losses and Non-identifiable losses shall be distributed among the Senders according to the provisions in the Procedure for Adjustments for Volumetric Compensation for Quality.

13.1.2.2 Increases or reductions necessary to be made as a result of making adjustments for Volumetric Compensation.

13.2 Accounting for losses

13.2.1 The volume of all Crude Oil losses produced in the system shall be calculated by the Transporter using its best Operational and engineering judgment.

13.3 Process to determine quantities and qualities at the Points of Entrance and Points of Exit.

13.3.1 Quantity measurements and quality sampling of deliveries and withdrawals (including calibration of instruments) shall be the Transporter's responsibility and shall be made according to the standards and accepted prevailing practices by the API and the ASTM. The installed equipment to conduct measurements and sampling shall be determined by the Transporter.

13.3.2 The Transporter shall ensure to set out adequate measuring and calibration procedures at the nodes of Entrance and nodes of Exit. Calibration of the measuring systems shall be made as required by operating circumstances under the Transporter's criteria. The calibration factor of the meters shall be effective only after the date of the latest calibration except in case of manifest error in which case the last factor of valid calibration shall be applied.

13.3.3 The Transporter has the responsibility to take two samples of representative Crude Oil according to the API standards and with the adequate volume for each delivery and withdrawal made. The frequency of such sampling shall be determined occasionally by the Transporter based on the continuity of the Crude's quality among other factors. Samples shall be used for the following purposes:

13.3.3.1 To determine the quality.

13.3.3.2 The Transporter shall retain a sample for each delivery and withdrawal, which shall be used as a counter-sample. The Transporter shall preserve said sample for a period no longer than 15 calendar days in case there are any claims regarding a specific delivery or withdrawal. After this lapse of time it will not be possible to make any claims in this sense.

13.3.4 Crude volumes that the Transporter shall be committed to transport shall be determined using the measurement systems of the Pipeline following the API and ASTM standards. The Transporter shall ensure the filling in of all official forms for each kind of measurement, which shall contain as a minimum the following information: the date, the readings of the meters or the measures of the storage tank or tanks before starting and upon completion of the deliveries or withdrawals, the API gravity, densities, temperatures, pressures, sediment and water percentages and any other necessary characteristic for its identification. The forms above mentioned constitute documents, which shall be used to make calculations for the Transportation value and the adjustment for volumetric compensation and shall serve as proving documents for any other purpose.

13.3.5 At any time before starting any delivery or withdrawal and in intervals with a frequency not higher than two (2) times per month, the Sender may inspect, through an independent inspector, with previous approval from the Transporter, the accuracy of the results of the measurements and the samples taken to determine the quantity and quality of the Hydrocarbon. The Sender shall bear the cost of said inspection. For this purpose the respective Sender shall notify the Transporter the name and title of the independent inspector at least five business days before the measurement of the corresponding Crude.

13.3.6 The calibration of the measurement equipment shall be made as required by the Operational circumstances or by written request received from a Sender in particular under the Transporter’s judgment. The meters factors shall be updated every time this procedure is conducted. Prior to the calibration of the meters, the Transporter shall notify the Senders the dates in which said calibration shall be carried out so that they if deemed necessary, may be present in the calibration. The meters calibration factor shall be effective only after the date of the last calibration and the parties participating in the calibration shall issue a certificate; otherwise this shall be documented in a letter from the Transporter to the Senders.

13.3.7 Pursuant to API recommendations, testers shall be re-calibrated at least once every five years (from the date of the last calibration) o immediately after any alteration in the measuring section.

13.3.8 The Hydrocarbon volumes that the Transporter accepts and schedules for its Transportation shall be determined by meters installed in the nodes of Entrance and/or Exit. Notwithstanding the foregoing, the Transporter may use alternate methods included in the API standards. If the static measurement of tanks is used, these must have their measurement approved by the Ministry of Mines and Energy or the competent entity. The tank measurement shall be determined following the current existing standards for such purpose.

CLAUSE 14 VOLUMETRIC COMPENSATION FOR QUALITY

14.1 The Regulations of Volumetric Compensation for Quality is an integral part of this Manual as annex 1 (MECHANISMS OF COMPENSATION OF QUALITY FOR THE MIX OF CRUDE OILS).

14.2 Each of the Senders shall deliver to the Transporter at a Point of Entrance a Hydrocarbon volume which, and only for purposes of Volumetric Compensation for Quality (CVC), shall be valued according to the procedure defined for the Pipeline and in accordance with its particular quality. This quality shall be determined by an independent quantity and quality inspector accepted and recognized both by the Transporter and the Sender.

14.3 Considering that as a result of the Transportation the Hydrocarbons delivered in the Pipeline are mixed without distinction, each Sender shall withdraw at the Point of Exit a volume of Hydrocarbons with a different quality than its Hydrocarbon delivered, except when it has been requested and has been accepted the Transportation of Hydrocarbons in a segregated manner. The quality of this segregated Hydrocarbon shall also be determined by an independent quantity and quality inspector accepted and recognized both by the Transporter and the Senders. This Hydrocarbon shall be assessed only for purposes of Volumetric Compensation for Quality and shall take into account the compensation for quality due to the interfaces occurring when transported with other Crude Oils.

14.4 The Transporter shall apply the mechanism of Volumetric Compensation for Quality defined by the same for the Pipeline which shall have the following main characteristics:

14.4.1 The Senders who have delivered to the Transporter Hydrocarbons with a better quality than the mixed Hydrocarbon withdrawn at the Point of Exit of the Pipeline shall be entitled to compensation in volume, equivalent to the volumes that Senders who have delivered Hydrocarbons of lower quality than the ones withdrawn at the Point of Exit will have to assume. For such purpose, individual qualities of all volumes delivered and withdrawn shall be taken into account as well as the final inventories of the preceding month of Operation and the last month of Operation, with its respective qualities.

14.4.2 The Volumetric Compensation for Quality shall be internal between the Senders in such a way that the final volumetric balances equal cero and the Transporter shall neither charge nor Pay any volume for this purpose and shall only serve as a mediator, regulator, liquidator and responsible for the volumetric distribution of the compensations.

14.4.3 The Volumetric Compensation for Quality is not part of the Rate and therefore shall not be compensated or will have any variation as a result of this.

14.5 In each month of Operation the Transporter shall make a balance of the existing volumes and qualities at the beginning of the month delivered to the Pipeline, lost, withdrawn and existing at the end of the month, both for the total of Hydrocarbons as well as for individual Hydrocarbons of each Sender.

14.6 The Sender shall hold the Transporter and owner harmless against any cost, action, claim, intended procedures by any Third parties, losses and all damage and obligations incurred and inherent to the mix of Hydrocarbons in the Transportation process and the Volumetric Compensation for Quality.

14.7 In any case the Transporter may modify the mechanism of Volumetric Compensation for Quality contained herein, in the respective annexes and all other documents in connection with the CVC.

14.8 Senders of a specific Hydrocarbon may agree with the Transporter not to apply the Volumetric Compensation for Quality to said Hydrocarbon. The foregoing shall be applicable as long as the Hydrocarbon of other Senders is not affected negatively.

14.9 By agreement between the totality of Senders and the Transporter, it may be decided not to implement the Volumetric Compensation for Quality (CVC) for Crude Oils transported through the system. In this case the Transporter may implement any other mechanism validated with the Senders to carry out the volumetric balances.

CLAUSE 15 BULLETIN OF TRANSORTATION BY THE PIPELINE – BTO

15.1 The Transporter shall implement the Bulletin of Transportation by the Pipeline – BTO – which shall contain as a minimum the following information:

15.2 **Information of public access:**

15.2.1 General description of the Pipeline

15.2.2 Current rates for each Distance

15.2.3 Value tables or current calculation formulas of Monetary Conditions

15.2.4 Design Capacity of the Pipeline and Nominal Capacity

15.2.5 Monthly available Capacity of the Pipeline estimated for the next (6) months and annual for the next five (5) years.

15.2.6 Excerpts of this Manual corresponding to connection requests, nomination process and minimum quality requirements of Crude Oil

15.3 Information of exclusive access for Senders and Third parties :

15.3.1 This valid Manual.

15.3.2 Discussion on modifications to the Manual

15.3.3 General information on the programmed maintenance schedule of the Pipeline and other programed activities affecting the effective Capacity during the next six (6) months.

15.3.4 Listing of expansion projects and changes in the Pipeline's infrastructure

15.3.5 Effective Capacity confirmed for each month of Operation and estimated for the following five (5) months and the corresponding available Capacity for each Distance.

15.3.6 Transportation program for the month of Operation and tentative for the following (5) months for each Distance

15.3.7 Description of the mechanism established by the Transporter and foreseen in the nomination process to assign the available Capacity equitably

15.3.8 Last volumetric balance prepared for the Pipeline.

15.3.9 Daily statistics for the last month of Operation and monthly statistics since the enforcement of Resolution 181258 of 2010 from the Ministry of Mines and Energy on the information on Effective Capacity and Volumetric Balances.

15.3.10 The annual rates and the Monetary Conditions for each Distance from the date of enforcement of Resolution 181258 of 2010 from the Ministry of Mines and Energy.

15.4 The Transporter is no obliged to publish any information of reserved character.

15.5 The Transporter shall provide to Senders and any Third parties interested in transporting Hydrocarbons through the Pipeline as requested, within the following ten (10) calendar days after the request and with previous verification from the Transporter of their Capacity as Sender or Third Party an access password to the information of exclusive character referred to in numeral 15.3 of this clause. The access with a password shall be active while the requestor maintains its Capacity as Sender or Third Party.

15.6 The Transporter shall communicate any updates, amendments or additions of relevant information in the BTO by means of electronic mail or direct communication to the Office of Hydrocarbons of the Ministry of Mines and Energy and to all those with active access to the information of exclusive character pursuant to the previous numeral.

CLAUSE 16 SPECIAL TRANSPORTATION CONDITIONS

16.1 The Transportation of Hydrocarbons shall be subject to the following conditions:

16.1.1 The Hydrocarbon shall be delivered by the Sender at a Point of Entrance and withdrawn at a Point of Exit.

16.1.2 The Transportation of Hydrocarbon shall be subject to performance of the conditions foreseen in the Transportation Contract, the Manual hereof, its modifications, additions or updates, including its annexes and the applicable regulations.

16.1.3 The Transporter reserves the right to receive or reject a Hydrocarbon that fails to meet the minimum specified values; in case of reception, the Sender shall Pay the Transporter any costs incurred in the analysis and eventual treatment of this Hydrocarbon to place it within the required specifications or to implement the scheme required for its Transportation.

16.1.4 The Transporter reserves the right to require, reject or approve the injection at any other Point in the Pipeline of products such as corrosion inhibitors, depressors of Point of fluidity, friction reducers or any other additive in the Hydrocarbon to be transported. The Sender shall Pay the Transporter all costs incurred in the analysis and eventual treatment of this Hydrocarbon to place it within the required specifications or to implement the scheme required for its Transportation.

16.1.5 The Transporter reserves the right to transport Hydrocarbons delivered by Senders that exceed the limits determined by Transporter for organic chloride, sand, dust, dirtiness, glues, impurities, other objectionable substances or any other compounds with physical or chemical characteristics that, under the exclusive determination of the Transporter may cause that the Hydrocarbon would not be easily transported, may damage the Pipeline or may interfere with the Transportation and the withdrawals. The Sender shall Pay the Transporter all costs incurred in the analysis and eventual treatment of this Hydrocarbon to place it within the required specifications or to implement the scheme required for its Transportation.

16.1.6 The Transporter shall be entitled, with a previous provisional notice, to remove and sell the Crude of any Sender that fails to comply with any of the specifications at its Sole discretion. If the Transporter exercises its right of sale pursuant to this clause, the Transporter shall deduct from the proceeds of such sale all costs incurred by the Transporter with respect to the storage, removal and sale of such Crude Oil. The Transporter shall pay the balance to the Sender.

16.1.7 The Transporter shall not accept Crude Oil delivered by any Sender if this may cause impairment to the Pipeline of the Crudes or mixtures transported (without consideration of whether or not the Crude Oil meets the minimum quality specifications).

16.1.8 The Transporter acting reasonably and in good faith, shall be entitled to make any changes to the minimum quality specifications of Crude Oil in accordance with operating practices, which may be necessary or pertinent, including but without being limited to, prevent material damage or the material degradation of the effective Capacity of the Pipeline in order to prevent any personal injuries or damage to the property or the environment.

CLAUSE 17 REGULATIONS FOR THE TRANSPORTATION OF SEGREGATED HYDROCARBON

17.1 With a previous request from the Sender or Third Party, the Transporter may accept the Transportation of segregated Hydrocarbon to the extent that this is a technical and economically viable alternative. The Transportation of segregated Hydrocarbon cannot change the scheme set out in clause 10 and shall be conducted pursuant to the provisions in this Manual.

17.2 As a consequence of the foregoing, the Transporter shall inform the Sender its disposition to start the Transportation of segregated Hydrocarbon. The Transportation of segregated Hydrocarbon shall be subject to the nomination process set forth in this Manual.

17.3 Any additional charges for Transportation of segregated Hydrocarbon shall be borne by the Sender or Third Party requesting the service, and it will be taken into account, including but without being limited, any costs and damage caused to the Transporter, owner or other Senders.

CLAUSE 18 RISKS AND RESPONSIBILITY

18.1 The Transporter shall exercise custody on the Hydrocarbon from the time the Sender or whoever the Sender designates, delivers it at the Point of Entrance and until the Point of Exit.

18.2 Neither the Transporter nor the owner shall be responsible for the consequences of failing to comply with the deliveries and withdrawals generated by the Sender in the Transportation program, commitments of operators and/or Transporters of Transportation systems connected to the Pipeline.

18.3 The Transporter shall not be responsible for any damage or deterioration that a Hydrocarbon delivered by a Sender may suffer, such as contamination with strange materials, contamination by contact of different types of Hydrocarbons if the damage or deterioration is due to Justified Events. In the event any of the cases previously mentioned occurs, and one or more Senders are involved, all the Hydrocarbons affected shall be prorated between the Senders in proportion to the ownership of each of the Hydrocarbons involved, without prejudice of any indemnities afterwards which may be applicable between the Senders affected. The Transporter shall prepare the information corresponding to the volume of Hydrocarbon affected and the proportion corresponding to each Sender.

18.4 The Transporter shall be responsible for the Transportation service, for any losses, damage or deterioration that the Hydrocarbon may suffer. The Transporter shall be released from any responsibility in the Justified Events and the Transporter is not incurring in any gross negligence.

18.5 Any damage or prejudice caused to the Transporter by virtue of failing to comply with the regulations contained in this Manual by any Sender shall be the responsibility of the Sender who shall indemnify the Transporter for such damage or prejudice.

18.6 Hydrocarbons delivered by each Sender and transported through the Pipeline may vary in their quality as a result of the mix with other Hydrocarbons. Except for events in which segregated Hydrocarbons are transported, the Transporter shall not have any obligation to return at the Point of Exit a Hydrocarbon of the same quality as the Hydrocarbon delivered for its Transportation at the Point of Entrance. The adjustments of Volumetric Compensation for Quality shall be applied to the transported mixed Hydrocarbons.

18.7 In the Transportation of Hydrocarbon mix and Hydrocarbon segregated through the Pipeline, contamination fronts are generated. All Senders of the Pipeline shall accept as withdrawn volume, a portion of the contamination fronts generated in the Transportation through the Pipeline. If the Sender requires some special conditions for the Transportation of a Hydrocarbon, these shall be agreed with the Transporter who reserves the right to accept them and require the Sender to bear all costs associated to such conditions.

18.8 The following shall be considered in the Transportation of Hydrocarbon mix and Hydrocarbon segregated through the Pipeline:

18.8.1 The Hydrocarbon of higher quality with respect to the Hydrocarbon of lower quality shall always be degraded in the contamination fronts.

18.8.2 The Transporter shall estimate a maximum volume corresponding to the contamination fronts and shall be responsible to comply with this value.

18.9 The Transporter is obliged to return the Sender and the latter to withdraw at a Point of Exit, the volume of equivalent Hydrocarbon upon application of the mechanism of Volumetric Compensation for Quality.

18.10 The Senders and Third parties shall indemnify and hold the Transporter and the owner harmless against any costs, claims, litigations, judicial or extra-judicial action, and decisions of any kind, which may be brought against the Transporter or owner, and in general by any procedure intended by any Third parties.

CLAUSE 19 FILLING THE PIPELINE OR FILLING THE LINE

19.1 It is the necessary volume to fill the Pipeline between the initial pumping station and the final station, the non-pumping bottom of the storage tanks of the Pipeline, and all installations, tubes, equipment, pumping and measuring accessories.

19.2 For the Pipeline Operation, the Transporter may request to each Sender, including the ANH, to deliver to the Transporter the necessary quantity of Hydrocarbon to fill in the line of the Pipeline. The participation of each Sender in filling in the line shall be determined by the Transporter based on criteria such as: Ownership of the Pipeline and Contracted Capacity.

19.3 The Transporter shall determine at its judgment the Day in which each Sender shall deliver its proportional participation in filling the line of the Pipeline, and shall communicate the corresponding volume indicating the date of delivery.

19.4 The Hydrocarbon delivered by the Senders to fill in the line of the Pipeline shall not be withdrawn from the Pipeline without the previous authorization from the Transporter. Without prejudice of the foregoing, the Sender shall not lose the ownership of the Hydrocarbon remaining in the Pipeline.

19.5 When segregated Hydrocarbon is transported, it shall be understood that the ownership of the filling of the line of the Pipeline varies according to the volumes of segregated Hydrocarbon present in the Pipeline at a given time. Without prejudice of the foregoing, the Sender shall not lose the ownership of the segregated Hydrocarbon remaining in the Pipeline.

CLAUSE 20 HANDLING LOSSES IN THE PIPELINE

20.1 The identification and handling of losses in the Pipeline shall be carried out as follows:

20.1.1 All identifiable losses of mix or segregated Hydrocarbon not attributable to the Transporter as per numeral 18.4 shall be assumed by the Senders of the mix or segregated Hydrocarbon according to the calculation made by the Transporter based on the Operational parameters and formalized in the CVC. In this sense, the Senders accept the liquidation made by the Transporter.

20.1.2 The report prepared by the Transporter shall be considered as the basis to calculate the identifiable losses, indicating the Operation conditions of that day, time, place, causes, deliveries, dispatches, withdrawals, mix or segregated Hydrocarbon, recovered and lost and determined after the filling of the line and the restarting of the pumping.

20.1.3 Non-identifiable loses are understood only those losses during Transportation to which its cause cannot be determined with precision throughout the process, from the Points of Entrance to the Points of Exit, including but without being limited to the following:

- Stops/ starts of the Pipeline
- Illegal extractions non-detected
- Faults in the meter factors
- Volumetric contractions
- Leakages/passes in the valves
- Evaporation
- Escapes
- Inherent uncertainties on the measurement systems and associated instrumentation
- Inherent uncertainties of laboratory analysis associated to the calculation of volumes
- Propagation of inherent uncertainties of the procedures set out at the international level for the calculation of volumes by static and dynamic measurement.
- Handling loses inherent to the Pipeline

20.1.4 The Transporter shall calculate these losses each semester in such a manner that the semester calculation reflects the real losses occurring during each semester. The average semester of all losses shall be up to cero Point five percent (0.5%) of the deliveries of the period. This calculation shall be made by means of balances that the Transporter shall carry out at the beginning of each calendar month with respect to the previous calendar month, which shall reflect the deliveries and withdrawals, the inventory movement and the identifiable losses, if there are any, to be calculated each semester.

20.1.5 In the case of mix Hydrocarbon, the Non-identifiable Losses of the semester shall be assumed by each of the Senders at prorate of the deliveries of the period.

20.1.6 In the case of segregated Hydrocarbon, the Sender of the segregated Hydrocarbon shall assume the Non-identifiable losses of the semester.

20.1.7 In the event that Non-identifiable losses exceed cero Point five percent (0.5%) of the deliveries, calculated each semester, the Transporter shall inquire on the possible causes in order to take the corrective actions immediately.

20.1.8 The calculation procedure of losses in the Pipeline shall be governed by the provisions in this clause and the current Compensation Mechanism for Quality for the Mix of Crude Oil.

20.1.9 Non-identifiable losses equal or less than 0.5% monthly shall be distributed according to the value in US dollars of the deliveries by each Sender of the calendar month in which they were detected or the calendar month in which they are reported.

20.1.10 Identifiable losses are distributed according to the value in US dollars of the deliveries by each Sender on the calendar month in which they were detected

CLAUSE 21 CLAIMS

21.1 Any claim by a Sender or Third Party in connection with the Transportation service of Hydrocarbons shall be resolved pursuant to the internal procedures of the Transporter and the applicable regulations. These claims shall be delivered to the Transporter's Operational area and they shall conduct the respective internal procedure and shall communicate the result to the Sender.

21.2 For claims regarding the quantity or quality of Hydrocarbons, these shall be presented in writing at the latest within fifteen (15) calendar days after the date of delivery or withdrawal of the Hydrocarbon or the date in which the report for the Volumetric Compensation for Quality is issued. The claim shall be justified within the following thirty calendar days after being presented.

21.3 If the Sender does not present its claim, or if made extemporaneously, or if it is not duly and timely justified, it shall mean the acceptance by the Sender of the Hydrocarbon delivered or withdrawn or the Volumetric Compensation by Quality, as the case may be.

CLAUSE 22 SANCTIONS TO OPERATING AGENTS FOR NON-PERFORMANCE OF THE TRANSPORTATION SCHEDULE

22.1 Each of the nominations made by Senders and Third parties shall constitute their commitment to comply with the delivery and withdrawal schedule with quantities and flow rates previously agreed between the parties.

22.2 For the Operation of the Pipeline the following particular provisions shall be taken into account to apply the following sanctions depending on the type of Sender:

22.2.1 Sender with Contracted Capacity in Firm:

22.2.1 If by any reason the delivery is less than 95% or more than 105% of their Scheduled Capacity, the Sender shall Pay:

22.2.1.1.1 The Transportation fee for volumes delivered when they are higher than the Contracted Capacity in firm. When they are equal or less the Sender shall Pay Transportation fee on the Contracted Capacity in firm.

22.2.1.1.2 The Transporter may decide to charge the Sender a sanction equivalent to 5% of the Transportation Fee of the Scheduled Capacity.

22.2.1.2 If by any reason, delivery is between 95% and up to 105% of its scheduled Capacity, the Transporter shall charge the Transportation fee for volumes delivered when these are above the Contracted Capacity in firm. When they are equal or less the Sender shall pay the Transportation fee on the Contracted Capacity in firm. In this case there shall not be any sanction, without prejudice of the application of other types of sanctions.

22.2.2 Sender without Contracted Capacity in firm:

22.2.2.1 If by any reason, the delivery is less than 95% or more than 105% of its scheduled Capacity, the Sender shall Pay:

22.2.2.1.1 The Transportation fee for volumes delivered

22.2.2.1.1 The Transporter may decide to charge the Sender a sanction equivalent to 5% of the Transportation Fee of the Scheduled Capacity.

22.2.2.2 If by any reason, delivery is between 95% and up to 105% of its scheduled Capacity, the Transporter shall charge the Transportation fee for volumes delivered. In this case there shall not be any sanction, without prejudice of the application of other types of sanctions.

22.3 For the second and all faults thereafter occurring in a twelve month period counted from the date of occurrence of the last fault, sanctions shall be 10%, without prejudice of other types of sanctions as the may be applicable.

CLAUSE 23 HYDROCARBON AFFECTED BY LITIGATION

23.1 Any Sender or Third Party is in the obligation to notify in writing before delivery to the Transporter, if the Hydrocarbon being the purpose of the Transportation request is being affected by any encumbrance, claim or litigation both judicial and extra-judicial.

23.2 The Transporter reserves the right to either accept or reject any Hydrocarbon being affected under the terms abovementioned. Without prejudice or the power mentioned, the Transporter shall coordinate with the Sender possible action plans in order to ensure the rights acquired by the Senders regarding the Owner's Capacity and/or Contracted Capacity in firm.

23.3 In case of accepting its Transportation, the Transporter may request to the Sender the presentation of a bond at satisfaction of the Transporter to cover any damage which may be caused to the Transporter, the owner, to other Senders and Third parties as a result of the Transportation.

23.4 Likewise, the Sender shall indemnify and hold the transported and the owner harmless under the terms set out in the clause of Risks and responsibility.

CLAUSE 24 INVESTMENTS IN THE PIPELINE

24.1 Regarding any requests made to the Transporter to carry out any works and additional investments to those made in the Pipeline by the Transporter or the owner, the following provisions shall be considered:

24.1.1 Whoever is interested or needs the execution of works for the construction, adaptation, expansion, connection and/or addition of assets and facilities required, as a result of the Transportation of Crude Oil through the Pipeline, shall request it (hereinafter the "Proposal") to the Transporter with due justification and indicating the needs and specifications of the works to be carried out.

The Transporter shall indicate whether or not the Proposal meets and/or is in accordance with the safety, and environmental requirements as well as the technical, commercial, legal and engineering aspects in connection with the Pipeline and the common practices of the industry in general in Colombia.

24.1.2 The Proposal submitted to the Transporter under the previous terms shall:

Include all relevant details, including but without being limited to, a(1) the necessary additional infrastructure and the modifications to be made on the existing infrastructure, (2) the estimated costs, (3) the time schedule for construction of the works and start-up of the services associated to these works, (4) all estimated operating and maintenance costs considered during the service associated to these works and (5) basic engineering;

The Proposal shall be addressed to the Transporter through the legal representative of the person interested, for consideration and analysis of the Transporter during a lapse not to exceed 60 calendar days counted after the following day of submission of the Proposal with all the information required.

24.1.3 As a result of the analysis conducted, the Transporter shall determine whether or not the Proposal is accepted, or if conditioned totally or partially, if executed directly, or through a person designated by said Transporter, as well as the scope of the investment and all other aspects relevant to the Proposal.

24.1.4 If the new infrastructure modifies the Effective Capacity, the Senders or Third parties participating in the Proposal may enter into a Ship or Pay Transportation Contract to contract a portion of the new Capacity. In the case of the Capacity corresponding to the Transporter or Owner given the scope of the Proposal, this shall be considered as Owner's Capacity.

24.1.5 No one may carry out any constructions, connections or adaptations in the Pipeline without the previous written agreement duly signed by the Transporter's representative.

CLAUSE 25 SOLE RISK PROPOSALS

25.1 Proposals made to be carried out at the Sole and exclusive Risk or Senders or Third parties (hereinafter, "Sole Risk Proposal") shall only be executed upon completion of the process indicated in clause 24 with the decision that the Transporter will not participate initially in the Proposal.

25.2 The Sole Risk Proposal shall cover the same aspects as the Proposal presented in accordance with clause 24. In any case, all Sole Risk Proposals shall meet the technical specifications in terms of measurement, the applicable determinations of quality and safety and the regulations of this Manual, and shall have the respective licenses, and required permits by the competent authorities as well as compliance with the provisions that regulate the acquisition of lands and any other applicable regulations.

25.3 For this purpose the following shall be taken into account:

25.3.1 Presentation of the Sole Risk Proposal: The interested Party shall request authorization for the Sole Risk Proposal submitting all the necessary documentation for its study. The Transporter shall verify compliance with the regulations on these matters and may request any clarifications or details regarding the information. The response accepting or rejecting the request for the Sole Risk Proposal shall not exceed a term of three (3) months from its reception, without including in this term the time necessary to submit and respond any clarifications or details requested by the Transporter.

25.3.2 Participation of the Transporter: At any time during the approval, design, construction and start-up of a Sole Risk Proposal, the Transporter may express its intention to participate in it. The proportion and conditions in which the Transporter shall participate shall be determined by common agreement between the parties. If no agreement is reached between the parties, the mechanisms set out in clause 27 (Settlement of Controversies) shall be applied.

25.3.3 Conditions for the Execution: The Transporter may deny the authorization for the implementation of the Sole Risk Proposal duly justified, including but without being limited to, safety, technical, Operational or Capacity reasons, alleging they may affect the integrity of the Pipeline or the Operation of other Senders or by disposition of the competent authority. The Transporter shall not be in the obligation to provide the Transportation service until the execution of the Sole Risk Proposal fulfills the requirements established in the Manual, the applicable engineering standards, the Transporter's provisions and requirements and any other applicable regulations. In the case of associated systems to the Pipeline, the Sender shall not modify the facilities or its way of Operation without the Transporter's authorization.

The Transporter reserves the right to carry out the construction, administration, Operation and maintenance totally or partially of the Sole Risk Proposals and shall define the scope of its participation. The costs implied thereto shall be borne by the Sender or Third Party presenting the Sole Risk Proposal. The Sender and the Transporter may freely agree on the means for financing and Payment.

25.3.4 Indemnity: Any Sender or Third Party participating in the execution of the Sole Risk Proposal shall indemnify and hold the Transporter and owner harmless under the terms set forth in the Risks and Responsibilities clause.

25.3.5 Bonds and Insurance: the Transporter and the interested Senders in the Sole Risk Proposal shall obtain the necessary bonds and insurance to cover any Risk derived from the Sole Risk Proposal under terms reasonably acceptable for the Transporter, without prejudice of obtaining all other bonds and insurance requested by the Transporter.

25.3.6 Property, financing and Operation of the Sole Risk Proposal: For those investments that somehow change the existing infrastructure of the Pipeline and if the Operation affects the functioning of the same, the ownership shall belong to the Transporter or the owner. In this case the Transporter and the Sender or Third Party executing the Sole Risk Proposal, shall agree on the mechanism for amortization.

All funds required to undertake the execution of the Sole Risk Proposal shall be procured, obtained and guaranteed by the Senders or Third parties participating in the Sole Risk Proposal, and under no circumstances neither the Transporter nor the owners or any other Sender shall be affected by the financing instruments that the Senders or Third parties participating in the Proposal adopted by, or as a result therefrom.

25.3.6.1 If the new infrastructure modifies the effective Capacity, the Senders or Third parties participating in the Sole Risk Proposal may enter into a Ship or Pay Transportation contract to contract a portion of the new Capacity. In the case of the Capacity corresponding to the Transporter or owner given the scope of the Sole Risk Proposal, it shall be considered as an owner's Capacity.

25.3.6.2 The Transporter shall facilitate to the Senders or Third parties that will execute or have executed the Sole Risk Proposal the access to their own infrastructure. Without prejudice of the foregoing, the Senders or Third parties that have executed a Sole Risk Proposal shall ensure to the Transporter or owner that the Transportation Capacity of the latter shall not be affected by the execution of the Sole Risk Proposals. In any case, if the Capacity of the owner or Senders is affected as a result of the execution of the Sole Risk Proposal, the Sender(s) and Third parties that have executed it shall be liable and indemnify the owner and all other Senders.

25.3.7 Information: The Senders and Third parties participating in the Sole Risk Proposal shall provide the Transporter all the information arising from the design, construction, implementation, adaptation, expansion, connection, addition of assets and facilities, and the start-up of services associated to the Sole Risk Proposal.

CLAUSE 26 PROCEDURES FOR COORDINATION OF OPERATIONS, COMMUNICATIONS AND EMERGENCY ASSISTANCE

26.1 Communications and all other aspects associated to the coordination of the activities related to the Manual hereof, shall be attended by the operating area of the Transporter. These communications may be directed through field representatives of the Transporter or processed directly by personnel of the operating coordination in the Transporter's Offices.

26.2 Meetings shall be held, depending on the requirements from the parties, in which the Transporters and the Senders shall participate in order to review compliance with the Transportation schedule under execution and review the Transportation plan. In these meetings aspects impacting the Transporter's Operation shall be reviewed and aspects or interest for the Senders shall be disclosed.

26.3 With a monthly frequency, in the Third week of the calendar month after the month of Operation the exercise of volumetric compensation for quality shall be conducted.

26.4 The Transporter has available a Contingency Plan that compiles the structure and required procedures to assist in any type of emergencies which may affect the integrity of people, the environment or the infrastructure. To provide assistance with emergencies the Transporter applies a System Model Command of Incidents, which contemplates different flows of horizontal and vertical communication required to ensure an effective notification and response preparation to the event.

26.5 In the assistance of emergencies, the Transporter's Operations and maintenance personnel participates, as well as personnel from corporate support to contribute in the handling of communications and the required logistics support by the assistance group.

26.6 Likewise, the Transporter has agreements with different authorities and emergency assistance bodies at the local, regional and national level as complement to its internal assistance equipment. This is complemented with agreements established with companies from the sector to provide support and mutual assistance before any event, in order to mitigate any emergency impact.

CLAUSE 27 SETTLEMENT OF CONTROVERSIES

27.1 In the event of occurrence of any conflict or disagreement in connection with the Manual hereof or the Transportation service, it shall be initially resolved by a representative duly authorized from each of the parties within thirty (30) days following the notification issued by the Party who considers the existence of a disagreement and effectively received by the other Party.

27.2 If, after the thirty (30) days abovementioned, the disagreement continues totally or partially, the parties shall rely on any alternative mechanism to settle conflicts contained in the Colombian legislation.

CLAUSE 28 VALIDITY

28.1 The validity of this Manual is the date of its disclosure which shall be made through a publication in the Transporter's website.

CLAUSE 29 ADDITIONS AND MODIFICATION

29.1 The Transporter may carry out additions or modifications to this Manual, pursuant to the provisions in Resolution 18-1258 of July 14, 2010 from the Ministry of Mines and Energy as substituted or amended.

CLAUSE 30 APPLICABLE LEGISLATION

30.1 This Manual is governed in all its parts by the applicable regulations of the Republic of Colombia.

ANNEX 1: MECHANISMS OF QUALITY COMPENSATION FOR THE MIXTURE OF CRUDE OIL

ADJUSTMENT PROCEDURES OR VOLUMETRIC BALANCES

The Transporter shall conduct the volumetric balance with a monthly frequency in order to establish the volumes injected by each Sender to the Pipeline, the identifiable losses, the Non-identifiable losses, consumptions, inventory variations, and any adjustments for quality if the latter is applicable.

1. LOSSES

For purposes of the procedure hereof, the provisions set out in the Manual of the Transporter for handling Losses in the Pipeline and in the annex hereof shall be applied.

2. CRUDE OIL CONSUMPTION

The Transporter assumes the totality of costs for consumption of Crude Oil.

3. VOLUMETRIC COMPENSATION FOR QUALITY – CVC

3.1 When Crude Oils are delivered to the Pipeline of different quality and from different Senders, the result shall be a Crude Oil with different characteristics of quality and market value than the Crude Oil delivered to the Pipeline by each of the Senders. Due to different qualities of Crude Oil delivered to the Pipeline, some Senders shall withdraw Crude of higher value than the Oil delivered while others shall withdraw Crude Oil with less value than the Oil delivered to the Pipeline.

In order to make equitable adjustments between the Senders of the Pipeline by the differences in value resulting for differences in quality of Crude Oils delivered I the Pipeline, a procedure of volumetric compensation for quality shall be established ("CVC" *in Spanish*).

The purpose of the CVC is to establish a system to compensate Senders for the degradation or improvement of the Crude Oil withdrawn compared with the Crude delivered. The Sender withdrawing a Crude o lower quality than the Crude delivered shall be compensated with a higher volume. The Sender withdrawing a Crude with higher quality than the Crude delivered shall compensate others Senders of better quality accepting a lower volume. At any rate, the sum of debits and credits by CVC for all Senders shall be cero.

At any node of Entrance of the Pipeline where two or more Crude Oil flows merge in order to be transported, a volumetric compensation for quality shall be established on the resulting mix.

3.2 SAMPLING AND SYSTEM MEASUREMENT

For purposes of the procedure hereof, the provisions in the Manual of the Transporter shall be applied for measurements in the Pipeline.

3.3 CVC PROCEDURES

The Transporter set out detailed procedures for the CVC following the guidelines established hereto.

3.3.1 The Transporter shall administer the CVC process and the Senders may audit the process or request reviews thereto as long as the Transporter is timely informed and a working plan is coordinated between the parties.

3.3.2 The Transporter shall establish monthly the coefficients for adjustments of quality and sulfur pursuant to the criteria established herein.

3.3.3 The CVC shall be settled in kind.

3.3.4 The Transporter shall make monthly adjustments to the corresponding volume of Crude to each Sender, based on the coefficients of adjustment for quality.

For any month of Operation the corresponding quantity of Crude of each Sender shall be:

(a) Reduced if such Sender of the Pipeline delivers Crude of lower quality than the average quality of the mix,

(b) Increased if said Sender of the Pipeline delivers Crude of ah higher quality than the average quality of the mix.

3.3.5 At the latest on the 15th day of the calendar month following the Operation, Senders shall report to the Transporter the export prices, the API gravity and the sulfur content of its Crude for the Month of Operation.

3.3.6 Each month of Operation the Transporter shall measure the volumes delivered by the Senders and shall determine the weighted average for the quality parameters of Crude Oils delivered.

3.3.7 The Transporter shall calculate the adjustments to the volume for each Sender and shall determine the Crude volume that corresponds. No adjustment in the volume as a consequence of the CVC shall affect the Transportation fee that a Sender shall Pay to the Transporter.

3.3.8 Senders acknowledge that adjustments to their Crude volumes to be withdrawn as a result of these principles and procedures of the CVC may affect the volume of Crude Oil for a withdrawal afterwards.

3.3.9 Senders are entitled to review the Transporter's calculations regarding the adjustments by CVC and the due application of this procedure.

The parties may jointly review:

(a) The appropriateness of the Crude Oil reference basket regarding their terms of quality.

(b) The information on prices available to the public.

(c) The calculations of the coefficients and the volumes adjusted.

3.3.10 A data base for the API gravity shall be developed and sulfur content for Crude delivered from reliable samples of laboratory of Crude Oil flows. The quality data of Crude Oil must comply with the following criteria:

The API gravity and the sulfur content on the data base of the Crude quality are representative of the current qualities of Crude which is being delivered.

The variability of the API gravity and sulfur is within an allowed tolerance to be determined by the parties. Analyses of sulfur content shall be conducted based on a schedule agreed by the parties after the beginning of the Fiscal Year.

3.4 METHODOLOGY FOR CRUDE OIL VALUATION

By means of using the Crude Oil basket of reference the variation of price shall be determined regarding the API grade and sulfur content for Crude Oil delivered. The method is based on the use of the linear regression of prices of a Crude Oil basket of reference delivered in the coast of the Gulf of The United States of America with API gravity and sulfur content.

3.4.1 BASKET OF REFERENCE FOR CRUDE OIL

The basket of Crude Oil to be used shall always include a minimum of ten (10) Crude Oils. The basket of reference for Crude Oil with prices and qualities historically recognized shall be used to determine the coefficients of adjustment for API grade and sulfur content. The price information of the basket shall be continuously available from sources open to the public for each Crude Oil of reference. Prices reported used in the basket of Crude Oil of reference shall be obtained from independent price information services recognized by the industry and shall come from real Operations.

This basket provides a range of qualities to develop the coefficients for the regressions and therefore cover the flows that may be injected to the Pipeline. The initial basket of Crude Oils to be used is the one established in table I of this procedure which may be reviewed by common agreement between the Transporter and the Senders.

3.4.2 CALCULATION OF CRUDE OIL PRICES FOR THE BASKET IN THE COAST OF THE GULF

All price quotes of Crude Oil for a common location in the Coast of the Gulf of The United States of America shall be adjusted.

All prices of Crude Oil of reference shall be adjusted with respect to the location and based on the availability of price information according to the following list:

1. FOB quotation
    - Transportation to the Coast of the Gulf of The United States of America is added using the appropriate vessel size.
    - Customs Tariffs, Oil pollution Liability Insurance, “Superfund” taxes are included and others as appropriate.
2. CIF quotation
    - Customs Tariffs, Oil pollution Liability Insurance, “Superfund” taxes are included and others as appropriate.
3. Crude Oil delivered by the Pipeline

- Any Pipeline fee is added if necessary

- “Superfund” is included and other fees/tariffs as appropriate.

Tables II to IV of this procedure show examples for calculation of basket Crude prices delivered in the Gulf Coast.

3.4.3 LINEAR REGRESSION FOR PRICES, GRAVITY AND SULFUR

To determine API gravity and sulfur coefficients linear regressions shall be run using the minimum square method.

First the arithmetic average is calculated for prices of the basket of Crude Oils of reference delivered in the Gulf coast for three months. The cumulative average for three months shall be calculated at the closing of the settling month using the prices for the settling month and the two (2) previous months prior to the settling month (See 1 in table V).

To determine the API gravity coefficient, a linear regression analysis shall be performed using the three months average of Crude prices from the basket calculated in the paragraph above as the dependent variable. Likewise, the API gravity and sulfur content is used for each Crude Oil of reference as the independent variables. The formula to be used makes a regression of the price as a function of API gravity and sulfur simultaneously (See 2 in table V).

To determine the sulfur content a linear regression analysis shall be conducted using the three month average of Crude prices from the basket calculated in the previous paragraph as the dependent variable. Likewise, the API gravity and sulfur content is used for each Crude Oil of reference as the independent variables. The formula to be used makes a regression of the price as a function of API gravity and sulfur simultaneously (See 3 in table V).

The results of the determination of the linear relation between the price delivered and the API gravity and sulfur content may be stated in the following lineal equation:

$Y = A1 * X1 + B * X2 + b$

$Pr = A1 * APIR + B * SR + b \quad (1)$

Where:

PR = Crude price in $/Bbl

A1 = API gravity coefficient determined through linear regression in $ by grade API-Bbl

APIR = Independent variable of API gravity

B = Sulfur coefficient determined through linear regression in $/%S-Bbl (negative number)

SR = Independent variable of sulfur content

b = Y interception determined from the linear regression in $/Bbl.

3.4.3 ADJSUTMENT OF VOLUMES FOR SENDERS (TABLE VI)

After obtaining the API and sulfur coefficients, a volumetric adjustment shall be calculated to conciliate differences between the quality of each Sender and the mix transported. The quantity to be adjusted for each Sender is determined as is follows:

The relative value of Crude Oil for each Sender shall be calculated at the Point of Entrance. To obtain this, the API gravity of Crude from each Sender is multiplied by the API coefficient obtained in the regression and then adding to this result, the multiplication of the sulfur percentage of Crude from each Sender by the sulfur coefficient obtained in the regression. See table VI in the column – Relative value of Crude $/BBL

The relative value of the mix transported is calculated with the data of the relative value of each Crude Oil from all Senders. This value is obtained calculating the weighted average of the relative values of each Crude Oil multiplied by the volume delivered by the Sender. (See (1) table VI

After this, the average export price of the mix must be obtained with the data from exports of all Senders in the month in which the adjustments are made. (See (2) in table VI

To obtain the calculated price, the difference between the relative value of each Crude Oil and the relative value calculated for mix (1) must be obtained, and add this difference to the average export price of the mix.

Then, the quantity delivered by the Sender is multiplied by its calculated price and this product is divided between the average export price of the mix, obtaining as a result the total adjusted volume by Sender.

The volume to be adjusted shall be the difference between the total adjusted volume by Sender and the volume delivered by a Sender to the Pipeline.

The sum of volumes to be adjusted from all Senders must be cero.

The Transporter shall run the linear regression using a spreadsheet such as Excel. The Transporter shall document the statistical results of the linear regression so that the information can be provided to any Sender upon request.

Table I

Reference Crude Basket

Degree	Origin	API, °	Sulfur%	Source for Pricing	BBL/MT
Arab Light	Saudi Arabia	33.2	1.9	Argus, Formula	7.34
Arab Medium	Saudi Arabia	30.5	2.4	Argus, Formula	7.22
Arab Heavy	Saudi Arabia	27.6	2.8	Argus, Formula	7.09
Castilla	Colombia	18.8	2.0	Platts	6.70
LLS	US Gulf Coast	36.2	0.3	Argus	7.47
Mars	US Gulf Coast	28.0	2.1	Argus	7.15
Maya	Mexico	21.1	3.5	Argus	6.80
Napo	Ecuador	18.0	2.3	Platts	6.66
East	Ecuador	24.0	1.2	Platts	6.93
Vasconia	Colombia	26.5	0.9	Platts	7.04

Table II

Illegible Information

Table III

Illegible Information

Table IV

Illegible Information

Table V

Linear regression of prices, API gravity and sulfur – August 2010 Closing Example

	API	Sulfur	JUN-2010	JUL-2010	AUG-2010	Average of 3 previous months (1)
Arab Light	33.2	1.9	77.60	76.26	76.29	76.72
Arab Medium	30.5	2.4	75.84	74.59	74.62	75.02
Arab Heavy	27.6	2.8	74.34	73.32	73.25	73.64
Castilla	18.8	2.0	69.84	69.20	69.20	69.41
LLS	36.2	0.3	78.94	78.84	79.79	79.19
Mars	28.9	2.1	74.63	74.18	74.35	74.39
Maya	21.1	3.5	66.27	67.47	68.65	67.46
Napo	18.0	2.3	69.56	69.02	69.08	69.22
East	24.0	1.2	72.12	71.93	72.15	72.07
Vasconia	26.5	0.9	74.93	75.89	75.29	75.37

(2) API, $/API-BBL Coefficient 0,495

(3) Sulfur, $%S-BBL (1,191)

Table VI

Adjustments of volumes for senders – August 2010 example

Bank of Quality Coefficients

API Coefficient	(0.50)
Sulfur Coefficient	(1.19)

Sender	Volume injected by sender MBBL/mo	API in the injection point	Sulfur in the injection point	Relative value of the crude S$/BBL	Calculated Price $/BBL	Total Volume adjusted by sender MBBL/mo	Volume to adjust MBBL/mo
Sender A	900	31	0.5	14.75	77.97	935	36
Sender B	1,200	26	1.0	11.69	74.90	1,195	(2)
Sender C	600	20	2.0	7.53	70.74	566	(34)
Total	2,700					2,700	-

(1) Relative value calculated for mix 11.79
(2) Average price of exportation of mix, August 2012 75.00

ANNEX 2: DEFINITION OF STANDARD BARRELS PER SYSTEM

Pipelines Ecopetrol	API MIX (°API)	VISCOSITY MIX, CsT ASTM D445@30°C
Coveñas - Cartagena	19,2	66,0
Galán - Ayacucho 18"	12,7	148,0
Ayacucho - Coveñas 16"	9,7	233,0
Vasconia - CIB	32,7	19,0
Apiay - Monterrey		
Línea Apiay Porvenir II 20"	18,4	238,3
Línea Apiay - Porvenir 16"		
Monterrey - Porvenir		
Línea Apiay Porvenir II 20"	18,4	238,3
Línea Apiay - Porvenir 16" (tramo en 12")		
Línea Monterrey - Porvenir 12"		
Línea Araguaney - Porvenir	25,0	32,3
Araguaney – Monterrey	28,5	14,0
Castilla – Apiay	18,4	238,3
Vasconia – Velásquez	25,0	32,3
Ayacucho - CIB 14"	28,3	23,0
Toldado Gualanday	22	45
Tello – Dina	24	45
Ayacucho Galán 8"	31,1	18,0
Caño Limón - Banadía OCC	29,2	25,0
Banadía - Ayacucho OCC		
Ayacucho - Coveñas OCC		
OTA (Orito - Tumaco)	29,5	18,0
OSO (San Miguel - Orito)		
OCHO (Churuyaco - Orito)		
OMO (Mansoya - Orito)		
Tibú Miramonte	45,0	185,0
Provincia Payoa	N.D.	N.D.
Casabe – Galán	21,0	N.D.
Yarirí - Comuneros	15,0	150,0
El Centro - Galán (La Cira Infantas - Casa Bombas 8)	N.D.	N.D.
Payoa – Galán	28,8	N.D.
Chichimene- Apiay	N.D.	N.D.
Gibraltar - Caño Limón	N.D.	N.D.

ANNEX 3: DESCRIPTION OF THE SYSTEMS

See File Annex 3 attached. Description of the Systems.

ANNEX 4: MINIMUM SPECIFICATIONS OF QUALITY PER SYSTEM

Pipelines Ecopetrol	Minimum Requirements Product Quality						
	Sediment and water or particles	API at 60° F	Viscosity @ the temperature of reference	Vapour Pressure	Receipt Temperature	Salt Content	Fluency Point
	Do not exceed X.X % in volume	Superior to XX° API but inferior to XX° API	Not exceed XXX cSt at XX°C	Not exceed XX pounds/ square inch. Reid Vapour Pressure	Not exceed XXX° F	Less than XX PTB	No more than XX °C
Coveñas - Cartagena	0,50%	>= 7° API for Fuel Oil >= 18° API for Crude and <= 40	<= 220 cst for Fuel Oil and <= 180 cst for Crude	11,00	90,00	14,00	N.D.
Galán - Ayacucho 18"	0,50%	>= 7° API for Fuel Oil >= 18° API for Crude and <= 50	<= 220 cst for Fuel Oil and <= 180 cst For Crude	11,00	120,00	15,00	N.D.
Ayacucho - Coveñas 16"	0,50%	>= 7° API for Fuel Oil >= 18° API for Crude and <= 40	<= 220 cst for Fuel Oil and <= 180 cst For Crude	11,00	90,00	14,00	N.D.
Vasconia - CIB	0,50%	>=18 y <=50	250	11,00	90,00	20,00	N.D.
Apiay - Monterrey							
Línea Apiay Porvenir II 20"	0,80%	>=18 y <=50	300	11,00	150,00	20,00	12,00
Línea Apiay - Porvenir 16"	0,80%	>=18 y <=50	300	11,00	150,00	20,00	12,00
Monterrey - Porvenir							
Línea Apiay Porvenir II 20"	0,80%	>=18 y <=50	300	11,00	150,00	20,00	12,00
Línea Apiay - Porvenir 16" (tramo en 12")	0,80%	>=18 y <=50	300	11,00	150,00	20,00	12,00
Línea Monterrey -	0,80%	>=18 y <=50	300	11,00	150,00	20,00	12,00

Porvenir 12"							
Línea Araguaney - Porvenir	0,50%	>=18 y <=50	300	11,00	120,00	20,00	12,00
Araguaney - Monterrey	0,50%	>=18 y <=50	300	11,00	120,00	20,00	12,00
Castilla - Apiay	0,80%	>=12 y <=18,5	300	11,00	185,00	5,00	N.D.
Vasconia - Velásquez	0,50%	>=40 y <=70	3,5	11,00	90,00	20,00	N.D.
Ayacucho - Cib 14"	0,50%	>=18 y <=50	<= 180 cst	11,00	120,00	15,00	N.D.
Toldado Gualanday	0,50%	>=19 y <=22	45	11,00	90,00	20,00	N.D.
Tello - Dina	0,50%	>=21 y <=24	45	11,00	90,00	20,00	N.D.
Ayacucho Galán 8"	0,50%	>=15 y <=50	<= 150 cst	11,00	120,00	15,00	N.D.
Caño Limón - Banadía OCC	0,50%	>=18 y <=50	300	11,00	120,00	20,00	12,00
Banadía - Ayacucho OCC	0,50%	>=18 y <=50	300	11,00	120,00	20,00	12,00
Ayacucho - Coveñas OCC	0,50%	>=18 y <=50	300	11,00	120,00	20,00	12,00
OTA (Orito - Tumaco)	0,50%	>=18 y <=36	N.D.	11,00	120,00	20,00	N.D.
OSO (San Miguel - Orito)	0,50%	>=18 y <=36	N.D.	11,00	120,00	20,00	N.D.
OCHO (Churuyaco - Orito)	0,50%	>=18 y <=36	N.D.	11,00	120,00	20,00	N.D.
OMO (Mansoya - Orito)	0,50%	>=18 y <=36	N.D.	11,00	120,00	20,00	N.D.
Tibú Miramonte	0,50%	>=32 y <= 45	< 185 cSt	11,00	N.D.	15,00	N.D.
Provincia Payoa	< 0,5%	N.D.	N.D.	11,00	N.D.	20,00	N.D.
Casabe - Galán	0,50%	>=18 y <=21	N.D.	11,00	N.D.	20,00	N.D.
Yarirí - Comuneros	0,50%	>=15 y <=50	< 150 cSt	11,00	120,00	15,00	N.D.
El Centro - Galán	N.D.	N.D.	N.D.	11,00	N.D.	N.D.	N.D.
Llanito- Galán	N.D.	N.D.	N.D.	11,00	N.D.	N.D.	N.D.
Payoa - Galan	0,27%	28,8	N.D.	11,00	N.D.	10,60	N.D.
Chichimene- Apiay	N.D.	N.D.	N.D.	11,00	N.D.	N.D.	N.D.
Gibraltar - Caño Limón	N.D.	N.D.	N.D.	11,00	N.D.	N.D.	N.D.

*, **, *** : for Crude

ANNEX 2

ECOPETROL
MANAGEMENT GUIDELINES FOR RECEIVABLES SERVICES
ECP-UTE-G-008

TABLE OF CONTENTS

1. OBJECTIVE

To define uniform guidelines for the management of service Receivables from ECOPETROL in order to mitigate the inherent risks in the sale of said services.

2. GLOSSARY

Credit Lines: This is a debt facility granted by ECOPETROL to a specific client. Approval of a credit line is an autonomous decision by ECOPETROL based on objective criteria such as the credit history of the client, its historical behavior on payments or the type of client according to the Internal Classification Chart. ECOPETROL at its sole judgment may suspend any credit line at any time without any legal or formal requirement to be fulfilled before the client.

Acceptable Guarantees: Payment mechanisms that provide collateral for payment issued by financial entities (financial guarantees), securities or instruments providing immediate liquidity for their realization. See Guidelines for the Management of Acceptable Guarantees ECP-UTE-G-006.

Other Services: includes all those provided to third parties such as provision of electricity, water, information network, leasing of tangible and intangible assets, machinery and tools among others.

Receivables Risk: Associated to the risk of credit [1], the Receivables risk concerning this document is defined as the potential inability to pay from clients requesting any type of services from ECOPETROL.

Services: Provision or execution that satisfies some necessity with a specific purpose. ECOPETROL provides industrial, technical, technological, research and transportation services among others.

Research Services: Research services applied to projects generally internal, with the Business Units.

Transportation Services: transportation services different from those defined by the Vice-presidency of supply and marketing (VSM) referred to transportation services of products delivered by pipeline.

Industrial Services: provision offering solutions given the infrastructure facilities of ECOPETROL, part of industrial services are the following:

Unloading Services: Services provided to exploration companies which must transport the oil produced in truck- by land from the production wells to a point in the pipeline system.

[1] The risk of credit is the possible loss assumed by an economic agent as a result of default in contractual obligations regarding the counterparties involved.

Filling Services: Services provided to client companies who, in order to take the refined products purchased at the plant, need to be connected to the product loading infrastructure in truck-tankers, identified as filling in.

Storage Services: services provided to client companies for storage of products owed by third parties in tanks owed by ECOPETROL.

Port Services: Use services of sea terminal facilities and necessary operations for a ship to carry out its task of product loading and unloading.

Technical Services: laboratory studies or tests, sample analyses, industrial laboratory, technical assistance and gas compression (agreements with gas transportation companies to provide gas compression services to gas going through the gas pipeline).

Technological Services: design and development of equipment, machinery and specialized products.

3. GENERAL CONDITIONS.

This document applies to those cases in which ECOPETROL acts as a seller or service provider and as a supplement to those contracts already signed and the regulations in force, notwithstanding anything to the contrary. This does not include anything in connection with transportation services associated to the commercialization of products derived from oil, propane gas and crude oils whose policy is defined by the Vice-presidency of supply and marketing in the reference documents for credit to clients.

3.1 Commercial Principles for Credit and Receivables Management.

Throughout all stages referred to the analyses, consideration of terms and commercial conditions, approval of credit facilities and client's follow-up, good faith, ethics, transparency, economy, responsibility, equity, planning, and customer service criteria shall prevail as described hereunder (those terms not defined in this numeral shall be given a meaning according to the law, otherwise they will have their natural and obvious meaning).

Ethics: all officers from ECOPETROL shall avoid any conflict between their personal interests and the interests from ECOPETROL when dealing with purchasers or any other person - natural or legal, national or foreign - who is making, or intends to do Business with ECOPETROL order with companies in which ECOPETROL has an interest directly or indirectly. In case of any conflict of interests, inabilities for incompatibilities, the officer from ECOPETROL shall refrain from participating in any manner in the respective act.

Transparency: decisions shall be made, based on objective criteria and clear and known rules.

Equity: all necessary measures to keep a healthy balance with the client, regarding terms and conditions of commercial, technical, economic and financial character shall be adopted in all transactions.

Planning: all commercial and credit procedures shall correspond to a careful planning to contribute in an efficient manner to fulfill the mission and achievement of ECOPETROL's objectives.

Economy: all resources used in the process of approving and managing Businesses shall be administered with a healthy criterion of austerity in means, time and expenses.

Customer Service: the rules set out in this document shall be applied by officers as a vehicle to expedite decisions and to conduct all commercial and credit procedures with efficiency and efficacy.

3.2 Analysis of Credit Quality of the Client

Considering the risks ECOPETROL is exposed to, ECOPETROL shall only negotiate with natural or legal persons of whom ECOPETROL has knowledge about their history in the market and their condition as users of services, consumers or traders of products in the oil sector.

The basic client's information shall provide answers to the questions asked hereunder and it is the responsibility of the Business Unit providing the service, which handles the relation with the client, to have clarity on the answers to the following questions:

- Who is the client?
- What reputation does it have in the market?
- What has been its history with ECOPETROL?
- What type of Business does it make?
- Does it have capacity to meet its commitments?

3.3 Internal Rating by ECOPETROL

3.3.1 Guidelines for the Analysis of the Client

For an appropriate decision-making it is required to have knowledge of the client and its activities.

In addition, it is mandatory to comply with the Prevention Manual for assets laundering.

In the client interested in buying to ECOPETROL any service, shall conduct through the Business Unit providing this service the registration process in the client's master database of ECOPETROL. The respective manager and/or director of the Business Unit must record the validation indicating that validation has been made in the restrictive listings on the client

- Any client applying for a line of credit must be subject to a preapproval from the Business Unit providing the service or the division of ECOPETROL in charge of conducting the credit analysis.
- The risk rating does not guarantee the approval of credit of confidence; ECOPETROL reserves the right of whether or not to approve such type of credit.
- All guarantees presented must be adjusted in their content to the stipulations of ECOPETROL, and must be issued by an entity equally accepted by the company.
- All documents in connection with the credit application must remain in ECOPETROL 's files, and as the case may be, those documents were the line of credit is awarded.
- In case of default by a client of any of the obligations undertaken with ECOPETROL, the Company reserves the right to whether or not accept a restructuring of the debt or to start a legal proceeding.
- Annually, or with less frequency depending on market conditions, an officer appointed by the Business Unit providing the service must conduct a follow-up, both to the credit quality as well as the line of credit assigned to each client, updating the risk rate before a Risk Rating Agency or by an Agency of Research Service, Collection and Processing of Credit and Company Information approved and accepted by ECOPETROL.

3.3.2 Modalities in which payments can be made

Payment commitments with ECOPETROL can be based on:

- Payments in advance
- Through credits of confidence
- By means of financial instruments of payment such as banking acceptance or commercial letter of credit.

The determination of the type of client is the responsibility of the Business Unit providing the service considering objective criteria such as its payment behavior and the current relation with ECOPETROL, in addition to the financial assessment conducted by a Risk Rating Agency.

Payments in Advance:

ECOPETROL may accept payments in advance from clients having liquidity and/or who would like to benefit from discounts that ECOPETROL may offer for the purchasing of specific services. Notwithstanding, each management office shall set out the discount policy for its line of services.

Payment in advance shall be requested to those who cannot offer any payment support through financial entities or offer collateral at satisfaction.

Credits of Confidence:

These are credits granted by ECOPETROL to clients with well recognized commercial and/or industrial history, or to clients that, even though they are new have proved financial strength in the oil sector and its derivatives, biofuels and energy products with an impeccable payment history, are classified in category 1 of internal rating Table 1 of these guidelines and execute promissory notes with letter or instructions in favor of ECOPETROL .

Impeccable payment history is understood as the client who has timely paid its obligations with ECOPETROL, or with any other agent with whom it as obligations within the payment terms set out in the bills, has acknowledged and paid all late interests resulting from any possible delays in payments, and no payment instrument has been made effective from any agent with whom it has obligations to support for its purchases.

A client shall lose access to credits of confidence when there is a default in a period of one calendar year in the payment of its commitments with ECOPETROL under the terms set out in the previous paragraph or when its rating falls below the Superior category.

Default shall be understood as the act of enforcing the guarantee or promissory note supporting the obligations undertaken with ECOPETROL, or when in a calendar year a notice has been delivered to the insurance company or banking entity for the execution of the guarantee, even if the client is in good standing on the date before making the policy effective.

Without prejudice of the foregoing, ECOPETROL reserves the right to whether or not approve a credit of confidence to a client, even if said client has obtained the highest rating based on Table 1 of these guidelines.

Likewise, a client of confidence may use, in addition to the credit of confidence, other financial instruments for payment and/or payment in cash.

Payment by financial instruments:

These are instruments for payment in cash or through credit in favor of ECOPETROL, issued by a financial entity on behalf of the client and limited to a particular transaction as indicated in the Guidelines for the Administration of Acceptable Guarantees ECP-UTE-G-006.

3.3.3 Clients with Acceptable Guarantee Created for the Purchase of Products.

For clients with a current line of credit with ECOPETROL for the purchase of products, the Business Unit providing the service shall request to the corresponding commercialization management to review with the legal department whether or not the guarantee provided covers the provision of the service, and if so, generate a memorandum to the Coordination of Receivables indicating the distribution of the line of credit for the sale of product and the sale of services. In any case, the arithmetic sum of the line of credit for the product and the line of service shall not exceed the total value of the guarantee provided by the client.

3.3.4 Clients of Leasing

For the clients of leasing, the leasing contract entered into is writ of execution, the Head of the Unit for Real Estate Management must request through a memorandum the line of credit to the Coordination of Receivables and Collections indicating the contract number, starting date, termination date, the amount of the leasing installment, and the value of the line of credit applied for, said memorandum shall indicate that the contract has approval from the legal area or attach approval from the legal office advising the Business Unit.

3.4 Process for Approval of a Line of Credit by ECOPETROL

The process for approving a line of credit by ECOPETROL is explained as follows:

3.4.1 Credit Application

Any client interested in purchasing through credit any product or service of ECOPETROL, shall carry out with the Business Unit providing the service an application for a line of credit and the client will be informed of the result of the Decision. If the decision is not approved, the client shall be informed of the reasons by which the same was not approved. Decisions in this sense shall be adopted based on objective criteria regarding terms and conditions of commercial, technical, economic and financial character and within the frame of current legal regulations.

3.4.2 Determination of the Credit Quality of the Client

The officer appointed by the Business Unit providing the service shall examine the content of the application form and request to the client or to a Risk Rating Agency or an Agency of Research Services, Collection and Processing of Credit and Company information, the Rating Certificate [2] in order to have the rating given by such Agencies. This Rating Certificate shall be attached to the application form if it is a new client or to the client's file in the central archives of ECOPETROL if it is a client already registered wishing to have a direct credit with ECOPETROL .

Based on the information described above, you'll consider appointed by the Business Unit providing the service shall examine and classify the client in the Table of Internal Rating for Clients of Services from ECOPETROL Table 1, taking as a basis (when there is more than one rating) the lowest rating given by a Risk Rating Agency or by Agencies Specialized in Credit. If the rating of obtained classifies the client as a superior client, at the latest 10 days after having the complete information from the client the officer appointed by the Business Unit providing the service shall fill out the application form for a line of credit for the approval of his/her Manager and or respective Director [3] in accordance with the template that appears in form ECP-UTE-005 Application Line of Credit Services.

With the purpose to classify ECOPETROL 's clients who wish to buy through credit after this document is in force, such clients shall be classified through the application of an internal general risk rating according to the methodology presented hereunder. Such classification shall be conducted and reviewed by each of the officers appointed by the Business Unit providing the service annually or from time to time but at least once a year or when the economic or market conditions or the financial situation of the company requires so.

The position of a client within the internal rating table shall be in accordance to table 1, whose categories have their equivalence with the risk rating given by rating agencies or by agencies specialized in credit analysis.

The foregoing shall not apply to: (i) bodies and state entities at different levels (central and decentralized) with whom ECOPETROL subscribes contracts for the sale of products and/or services provided there is a risk assessment of Receivables for the respective entity duly authorized and/or (ii) companies associated with ECOPETROL in oil production fields, associated through collaboration, participation, strategic alliances and joint venture contracts, these companies shall subscribe a promissory note with a letter of instructions to ensure their payment obligations, however, in this case the Manager and/or Director of the Business Unit providing the service shall assess the pertinence of requesting an acceptable guarantee (policy, bank collateral, etc.) to ensure the payment obligations in lieu of the promissory note with letter of instructions.

[2] Risk Rating Agency or by Agencies of Research Services, Collection and Processing of Credit and Company Information approved by the Vice-presidency of corporate finance of ECOPETROL .

[3] Managers and Directors shall have 10 calendar days to make a decision. Reviews of lines of credit shall be approved for up to 12 months.

Table 1

INTERNAL RISK RATING FOR CLIENTS OF SERVICES OF ECOPETROL [4]

Rating	Definition	Description	Equivalence (Credit Risk in the Short Term
1	Superior	Wide and strong capacity to meet commitments. Minimum risk. May be defined as a client of trust. Sufficient requesting a promissory note with letter of instructions [5]. For larger lines of credit the respective manager and/ or director may increase the lines up to 100% of the lines approved with previous authorization from the corresponding vice-president of the Business Unit providing the service. The line of credit conservative and liberal recommended by risk rating agencies shall be understood as an indication and does not oblige ECOPETROL with the client, or the respective manager to use this as a ceiling for the approval of the line of credit at the time of defining a line of credit for a client of confidence.	**Duff / Phelps (D&P):** DP to DP1 **BRC Investors Services (BRC):** BRC 1 to BRC 1 **Byington:** 1 to 2 **BPR Asociados (BPR):** A (1.00-1.50) **Bureau Veritas:** 1
2	Average Superior	Sufficient capacity to fulfill commitments. Low risk.	**D&P:** DP1- **BRC:** BRC 2 **Byington:** 2.1 to 2.9 **BPR:** B(1.51-2.00) **Bureau Veritas:**2

[4] Comments and considerations included by the risk rating agency in its report about a company are understood as already included in the rating given by the risk rating agency, in that sense the same shall not affect again either in a positive or negative manner the rating issued and shall not be taken into account in the analysis conducted by Management at the time of considering, approving or rejecting credit applications.

[5] New clients with rating risks equivalent to superior level (1) and without purchasing records with ECOPETROL may be considered as clients of confidence with previous approval from the vice president of the Business Unit providing the service and the line of credit shall be established by said officer.

3	Average	Acceptable capacity to fulfill commitments. Medium risk.	**D&P:** DP2 **BRC:** BRC 2 **Byington:** 3 to 3.4 **Byington (N)**[6]**:** 3 to 3.4 **BPR:** C(2.01-2.50) **Bureau Veritas:**3
4	Average Inferior	Capacity to fulfill commitments; uncertain performance. High risk.	**D&P:** DP3 **BRC:** BRC 3 **Byington:** 3.5 to 4.0 **Byington (N):** 2.1 to 3.0 **BPR:** D(2.51-2.75) **Bureau Veritas:**4
5	Low Quality	Uncertainty or inability to fulfill commitments. High risk.	**D&P:** DP4 or below **BRC:** BRC 4 or below **Byington:** 4.1 to 5.0 **Byington (N):** 3.1 to 4.5 **BPR:** D(2.76-3.00) **Bureau Veritas:**5

Clients whose internal rating is level 1 (superior) according to the table above, in order to have a line of credit shall not offer acceptable guarantees issued by third parties in favor of ECOPETROL as indicated in Table 1. Instead, they shall subscribe a promissory note with a letter of instructions as support for their payment obligations. In any case, it is understood that clients of confidence shall only be limited to a number of recognized companies.

Those clients offering acceptable guarantees to support their purchases, shall not require a risk rating from any risk rating agency acknowledged and accept it by ECOPETROL because the risk is assumed by the guarantor. The contents and the type of guarantee shall be fully adjusted to the minimum characteristics required by ECOPETROL, and the same shall be issued by entities accepted by the company through the listing of acceptable companies for such purpose issued by the vice-presidency of corporate finance.

[6] **Byington (N)** corresponds to companies recently created.

Clients classified in level 5 shall be those without a rating or analysis by specialized agencies in credit analysis. Those clients shall require acceptable guarantees contained in the guidelines for administration of acceptable guarantees ECP-UTE-G-006.

ECOPETROL reserves the right not to sell through credit to any client, regardless of whether or not it is in capacity to provide guarantees or securities, and therefore the amount of the purchases shall be a cash or in advance.

A client classified as Superior may make purchases in cash and/or complement the line of credit awarded with acceptable guarantees in favor of ECOPETROL.

For guarantees in US dollars, in case the guarantee is made effective, the payment shall be at the representative market exchange rate (TRM) valid on the day of payment of the guarantee.

3.4.3 Officers Authorized for the Analysis and Consideration of Lines of Credit.

The officer appointed by the Business Unit providing the service shall be in contact and permanent interaction with the client, shall determine the credit quality of the same through the report from the risk rating company, shall process the application and review from time to time the lines of credit, and shall provide support to the vice-presidency of corporate finance in the handling of Receivables.

Upon classification of the client in the internal rating table of ECOPETROL, and if and any station of the maximum they were a specific client. is no information that prevents the processing of the application or that would imply any risk in the performance of the obligations that the client may undertake with ECOPETROL, the approval of the client shall be established by filling out the form, Application for a Line of Credit contained in Form ECP-UTE-F-005 Application for a Line of Credit for Services.

Each manager and/or director shall have the responsibility to consider, approve or reject in a justified manner, all credit applications filled out by the clients, which should be recorded in the forms defined for such purpose, or otherwise in the electronic mails which shall be equally valid as the other forms and shall be printed and delivered to the central archives of ECOPETROL to the file opened for each client.

The lines of credit recommended by the risk rating company and/or approved are strictly of internal character and an indication of the maximum debt of a specific client.

3.4.4 Amounts above the Ceilings Approved in Lines of Credit

When a client has reached the maximum debt approved, within the term of the validity of the lines of credit and temporality requires [7] from additional services not exceeding beyond 100% the amount of the line of credit, the respective manager and/or director may approve at his sole discretion this higher debt, provided however, that the same are covered with an extension of acceptable guarantees originally issued to have access to the credit facility.

3.5 Acceptable Guarantees.

- ECOPETROL shall not make any sales on credit to clients not providing acceptable guarantees except for those clients with internal rating Superior (clients of confidence) or who have been considered in numeral 3.4.2 of this guideline.
- For the provision of services only guarantees offering endorsement of payment by financial entities will (financial guarantees) shall only be accepted, or those representing securities or instruments that guarantee immediate liquidity when realized. [8]
- The coverage of the guarantees or the amount of financial instruments for payment must be sufficient to cover eventual increases in the price of services.
- Guarantees in foreign currencies may be accepted (dollars of the United States of America or any other currency) pursuant to the current foreign exchange regulations. If guarantees are in a foreign currency are made effective, they shall be registered in the central bank in order to convert them in the equivalent of the market representative exchange rate from peso with respect to the dollar on the day of payment of the guarantee. Guarantees in currencies different than the US dollar, in order to be accepted, shall require approval from the vice presidency of corporate finance.
- Only guarantees established in the guide for administration of acceptable guarantees ECP-UTE-G-006 shall be acceptable.
- Guarantees received by the respective management offices shall be previously reviewed and approved by the legal office advising on the same. The standardization and updating of the respective forms shall be under the responsibility of the legal vice presidency.

[7] For a maximum period of three months, renewable with previous approval from the vice president of the corresponding Business area
[8] Enforced and executed at the latest 30 days after default, and only in the event of a pledge on CDs.

- Acceptance of any other type of guarantee established in the Contracting Manual shall require approval from the respective manager and/or director with previous approval from the legal vice presidency.

3.6 Follow-up.

To the extent that the updating of the rating provided by the risk rating agencies or by agencies specialized in credit implies a higher risk for ECOPETROL , or if default in the payments by clients occur, the conditions of the relation with the clients shall be reviewed, in particular, those having to do with the requirement or improvement of the specific guarantees.

The same exercise shall be conducted through the vice presidency of corporate finance with financial entities guaranteeing obligations in favor of ECOPETROL .

Particular attention is given to those clients classified in categories of the internal rating table not requiring any specific guarantee and the superior clients. Those clients shall be monitored through the updating of the ratings given by specialized agencies in credit or risk rating agencies. The period for obtaining such reports shall be a least annually. Based on the results of the updated information, the vice presidency of corporate finance shall adjust the internal rating of the client and shall review the payment conditions originally approved.

The updating of the ratings for clients shall not be conducted before the month of March each year because the financial statements of the previous year have not yet been disclosed before the respective entities of vigilance and control, and from which official data for studies are taken. Therefore, if the study mentioned falls during the first three months of the year, the current rating shall be applied until the last day of the month of March of the current year.

Notwithstanding the foregoing, if the promissory note and that was the letter of instructions has completed one year, said documents must be updated for this period and the subsequent ratification or denial of the credit granted by ECOPETROL.

3.7 Managing the Relation with the Client that Buys on Credit.

In the commercialization of services, ECOPETROL must observe the norms, mercantile and credit customs, collect Receivables in a timely manner, assess any Receivables in default from time to time, and record in its financial statements any provisions and write-offs as they may apply, pursuant to the provisions in the document hereof.

Each sale of services, depending on each specific case, must be instrumented in writing either through a buy-sell contract, a supply contract, or commercial offer, or registered in an invoice or an equivalent in document.

Each invoice shall detail the value of services and taxes, pursuant to the law and applicable regulations. Invoicing prices are those current prices on the date of sale or provision of services and may change without previous is notice.

Commercial invoices shall be issued in two original counterparts of the same content with writ of execution [9]. One of them for the client and the other duly signed by the client in signal of acceptance destined to ECOPETROL. This copy shall remain with the appropriate custody in the files of ECOPETROL for collection and eventual discount of the instrument in the secondary market.

3.7.1 Sale Prices and Terms

These correspond to the policies already designed for each Business Unit providing the service regarding sale prices and terms, which must be in accordance with those set out by the presidency of the company and the manual of delegations – MAD.

3.7.2 Claims and Discrepancies in Invoicing

In those cases in which there may be claims by clients due to differences in price and/or terms duly justified, under the judgment of the Business Units in charge of handling the client it must be the determined the viability of the claim and adopt the pertinent decision in a reasonable period of time in accordance with the complexity of the discrepancy. To resolve any discrepancies, each of the parties shall deliver to the other, a copy of the documents supporting the invoice and the claim. The review process of any claims shall be in accordance with the provisions in each contract for the provision of services entered into between the parties.

Any disagreement regarding any invoice does not exempt the buyer from its obligations to pay the non-disputed portion of said invoice or any other invoice.

If the claim is resolved favor of ECOPETROL, having the client omitted payments on services rendered and invoiced by ECOPETROL, the buyer is obliged to pay a sanction for default on the amounts not paid within the term established, at the highest late interest rate established by the Superintendence of Finance of Colombia or whoever replaces it.

If the buyer has made payments in excess, ECOPETROL shall credit the same to the next due date or make the corresponding reimbursement after clarification of the amount under discrepancy.

[9] A carbon copy being valid

3.8 Collection of Receivables

The Business Unit providing the service with the support of the Coordination for Receivables and Collections, shall control any payments for Receivables as well as the actions are collections derived from the sale or provision of services and will be responsible for collecting any late interests (as they may apply) and any verification of accounts with the client.

3.9 Guarantees Delivery and Custody

With previous approval from the legal area and after the guarantees have been reviewed and accepted by the commercialization areas, they shall be delivered for custody to the Coordination of Receivables. The custody and collection of guarantees is responsibility of the ordination of Receivables and collections, and all security measures shall be taken to keep guarantees in a safe place. Before a guarantee is received for custody, the Coordination of Receivables shalt make sure that it has the approval from the legal area and the dates of validity.

In addition, the Coordination for Receivables shall be responsible for the integrity of the documents and shall adopt measures to prevent access to places established for custody to non-authorized personnel. In the event that a client fails to perform the requirements from Receivables, the collection of the guarantee shall be made within the terms established for such purpose and each of the reported to the respective Business Unit providing the service to discontinue the provision of such services.

In those cases in which it applies, the guarantees once they have been reviewed and approved by the legal area assigned to the Business Units providing the service and accepted by the respective management office, they shall be delivered for custody to each of the managers and/or directors through a memorandum, to the Coordination of Receivables and collections from the Treasury Unit responsible for the corresponding record in SAP and of its collection if necessary. ECOPETROL through the Business Unit providing the service shall immunity suspend any credit or cash sales, to clients to whom the execution of guarantees has started until a certificate of good standing is received from the Coordination are Receivables and a new guarantee acceptable to ECOPETROL is presented.

The Coordination of Receivables and collections shall adopt all security measures to keep the guarantees in a safe place.

The Coordination of Receivables and collections of the Treasury Unit shall update and activate in an individual manner in SAP each guarantee for the corresponding area of credit control; indicating "the limit authorized" which becomes a rotatory limit in pesos authorized for the provision of services and establishing that period of time in which the limit of credit shall be covered with the guarantee, taking into account the term of the credit given to the client for the provision of the service (5, 15 or 30 days).

3.10 Late Interests

The payment of Receivables by clients after the due date generates a late interest as a sanction. Late interests are a applicable without exception to all kinds are Receivables handled by ECOPETROL. Late interests shall be calculated on any overdue balances and in proportion to the time lapsed from the date in which the payment should have been made until that date in which it is actually made.

The record of these interests shall be under the responsibility of the Coordination of Receivables and collections; control and collection activities shall be the responsibility of the Business Unit providing the service, which may check these charges through consultations to the account statement of the client in the SAP integrated information system.

Any payment made by a client in accordance with the provisions in the Colombian Civil Code in its article 1653, except as otherwise agreed, when principal and interests are owed, payment shall apply first to interests and then to principal. Late interests are not forgivable, the General Controller of the country has issued several opinions denying this prerogative based on the constitutional principle by which public servants can only do whatever the law and the Constitution allows. Currently there is no regulation that allows cancellation of interests by public entities such as ECOPETROL.

ECOPETROL in each of its invoices shall indicate that the interest rate to be charged as late interest for the payment is the highest monthly rate allowed by the Superintendence of Finance or whoever replaces it (the Treasury Unit shall communicate the late interest rate to be applied for each period).

For invoices or bills issued in US dollars an interest rate in dollars in equivalent to the Prime rate +2 percentage points shall be applied (Prime +2%). The resulting amounts shall be converted into pesos at the market representative exchange rate (TRM) valid on the date of payment.

If the due date of the invoice falls on Saturday, Sunday or in a holiday, the payment may be made on the following Business day and said payment shall not generate any late interest. If a client pays after the first Business day, the calculation for late interest shall be made from the due date of the invoice

The charging of interests shall be made through a bill addressed to the client, which shall contain a Receivables statement on which interests are calculated.

3.11 Collections Management

When an invoice or bill is not collected within the due dates or payment has been made partially, the collection action shall start immediately by the Business Units providing the service and the Coordination of Receivables and collections.

The Coordination of Receivables and collections shall proceed to make effective the sources of payment and guarantees, in case of clients covered by financial collateral who have not made full or partial payments of all their obligations represented in the sale invoices within the due dates in accordance with the terms established in said invoices, with the support of their respective Business Unit and legal counsel.

For such purposes, the loss shall be reported to the insurance company (in case there is a policy covering the default), the documentation required shall be presented before the banking entities (bank guarantees, bank acceptances or letters of credit), the client shall be contacted in the case of a promissory note and in the case of guarantees, they shall be made effective before the corresponding entity in order to collect any overdue amounts together with late interests.

3.11.1 Starting Legal Actions to Collect Overdue Balances

If a client fails to make a payment within the normal process of collection and all instances have been used before going to court without any positive results, in a peremptory term of 90 days, the Business Units providing the service must request to the respective legal advising Unit to carry out collection actions pursuant to the provisions in the applicable regulations.

For such purpose, the respective Business must prepare and deliver the following documentation to the legal area:

- A request memorandum indicating actions undertaken by the Business Unit providing the service and the Coordination of Receivables and collections to obtain recovery of money owed.
- Documents supporting the credit in favor of ECOPETROL (invoices or promissory notes).
- Copies of all correspondence held with the client.
- Copy of the contract or certificate for the provision of services.

3.11.2 Modifications in the Long Term.

In the event that under special circumstances a client is late in meeting its obligations with ECOPETROL and does not have immediate payment capacity, upon request, the Business Units providing the service may request to the Head of the Treasury Unit of ECOPETROL, attaching the commercial and legal analysis of the client, an authorization for the extension of the term of the credit, and this financing shall not cause an impairment of the guarantee in the force in favor of ECOPETROL.

Without prejudice of the foregoing, ECOPETROL reserves the right to request an acceptable guarantee that allows covering a higher risk for the extension of the term for the payment. The interest rate for the refinancing term shall be in accordance with the conditions of the financial market.

Clients under legal proceedings to recover any amounts in favor of the company may be eligible for refinancing when lacking any property or liquid guarantees executable in favor of ECOPETROL.

In the case of individual agreements, the interest rate for the refinancing period must be associated with the opportunity cost of ECOPETROL as indicated by the Treasury Unit of the vice presidency of corporate finance. The amortization of the debt in default shall be applied first, to sanctions and late interests, second, to current interests and third, to the principal. The mentioned option for refinancing if adopted by ECOPETROL, must offer better expected results than those continuing under the legal proceeding or execution of guarantees.

Any refinancing must be subject to the approval of the Head of the Treasury Unit with the previous commercial, financial and legal analysis.

3.12 Restructuring by General Agreements.

ECOPETROL may participate in payment agreements of clients with their creditors, under modalities aimed to ensure the maximum collection of their Receivables in terms of present value as indicated hereunder:

Restructuring Agreement under Law 550 or reorganization agreements under Law 1116 of 2006 (company insolvency). Regarding the guarantees in the proceedings to prevent bankruptcy, creditors still governed under Law 550/1999 (that is, territorial entities, decentralized entities and state universities at the national or territorial level) have the power to inform the promoter within the following ten (10) days after starting the negotiation, if the decision is only to make the guarantee effective without waving their right to obtain from the debtor the payment of the obligation under default pursuant to the paragraph of article 14 of said Law. In those cases, ECOPETROL through the vice presidency of corporate finance and the respective manager and/or director shall inform the Promoter if the guarantee will be made effective. Furthermore, Law 1116 of 2006 did not include the provision of the foregoing paragraph, instead, in article 43 the Law regulated the issue of real estate guarantees within the process of insolvency, and therefore the power to make them effective was suspended, save by authorization of all creditors to wave said limitation. Said decision shall be made with an absolute majority and included within the Agreement. Thus, the creditor may present in the proceedings, together with its debt, the guarantee covering it and a request to make it effective, or else wait the development of the proceeding, and if terminated by breaching, the enforceability will be then “reactivated”.

Provision of services to clients with whom global payment agreements have been executed or under Law 550/99 or Law 1116/06 shall only be made under the modality of payment in advance. Interests in favor of ECOPETROL derived from individual refinancing processes or restructurings cannot be cancelled. Presently there are no regulations that allow the cancellation of interests by public entities such as ECOPETROL.

All refinancing shall be subject to approval by the respective manager and/or director with previous approval from the vice presidency of corporate finance and after a commercial, financial and legal analysis; and evidence of economic support.

3.13 Provision for Accounts Receivable [10]

The calculation for the provision shall correspond to a technical evaluation (individual study based on the factors previously described) that will allow to determine the contingency of loss or risk for non-collecting the right. Based on this the recording of an individual provision shall be made.

Accounting Provision: The Coordination of Receivables and collections together with the officers responsible for the management the Business Units providing this service shall conduct an individual analysis of Receivables in default to determine which accounts are considered un-collectible, and based on that, make the recording of an individual provision. To do this, the manager and/or director of the Business Unit of providing the service must submit a memorandum requesting the recording of the corresponding provision.

Fiscal Provision: For purposes of this provision, Receivables are classified by seniority and are calculated according to the percentages set out by tax regulations. Any of the two methods indicated hereunder may be applied as a deduction for the provision:

- Individual: four debts between 12 and 24 months (33%), between 24 and 36 months (66%) and over 36 months (99%).
- General: the corresponding percentages are applied depending on the seniority of their Receivables. (5% 3-6 months; 10% 6-12 months; 15% over 12 months).

[10] Defined according to the contingency of loss of the rights to be collected as a result of the degree of seniority, default, prescription, and collection action through legal means; the provision includes the amount estimated as uncollectable.

3.14 Receivables Write-offs

Accounts Receivable classified as lost or uncollectible, and upon which all procedures for collection have been conducted and with a provision of 100% are subject to a request for a write-off pursuant to the provisions in the MAD.

Accounts Receivable classified as lost or uncollectible, whose value does not exceed 150 (SMLMV) (current monthly minimum legal wage) and upon which all procedures for collection have been conducted and with a provision of 100% are subject to a request for a write-off by the Coordinator of Records and Analysis of Accounts Payable if their value is between 1 and 70 monthly minimum legal wages, and by the Head of the Unit of Accounting and Tax Information if their value is between 71 and 150 monthly minimum legal wages upon exhaustion of all legal and other instances by the Business Unit generating it and the legal vice presidency. When Accounts Receivables classified as lost or uncollectible exceed 180 monthly minimum wages, its write off must be authorized by the Board of Directors upon exhaustion of instances such as: current collection, execution of guarantees and previous legal collection.

It is understood as debt that is lost and without any value, all that debt whose collection is not possible to make it effective due to insolvency of debtors and guarantors as a result of lack of property guarantees or by any other cause that allows them to be considered as currently lost according to commercial practices. This definition includes those accounts receivable of less value whose collection procedures is significantly more onerous than the write-off of said debt.

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ANNEX 3

INSURANCE ONLY POLICY OF PERFORMANCE FOR STATE CONTRACTS IN FAVOR OF ECOPETROL S A

INSURANCE ONLY POLICY OF PERFORMANCE FOR STATE CONTRACTS IN FAVOR OF ECOPETROL S A

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1. CITY AND DATE OF ISSUANCE
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3. INTERMEDIARY
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   a) name
   b) tax ID
5. POLICYHOLDER
   a) name
   b) tax ID
   c) address
6. ENTITY INSURED (ECOPETROL S A)
   a) name
   b) tax ID
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7. BENEFICIARY ENTITY (ECOPETROL S A)
8. COVERAGE GRANTED
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ANY DEFAULT IN PAYMENT OF THE POLICY PREMIUM, THE CERTIFICATES OR ANNEXES ISSUED BASED ON SAID POLICY, SHALL NOT GENERATE THE AUTOMATIC TERMINATION OF THE CONTRACT, WITHOUT PREJUDICE OF THE RIGHT UNDER THE NAME OF THE INSURER TO REQUEST PAYMENT OF THE PREMIUM AND ANY EXPENSES CAUSED AS A RESULT OF THE ISSUANCE OF THE CONTRACT, ALL THESE PURSUANT TO THE PROVISIONS IN THE FINAL PARAGRAPH OF NUMERAL 19 OF ARTICLE 25 OF LAW 80, 1993.

INSURANCE ONLY POLICY OF PERFORMANCE FOR STATE CONTRACTS IN FAVOR OF ECOPETROL S A

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INSURANCE ONLY POLICY OF PERFORMANCE FOR STATE CONTRACTS IN FAVOR OF ECOPETROL S A

_____, A COMPANY LEGALLY ESTABLISHED IN COLOMBIA AND DULY AUTHORIZED BY SUPERINTENDENCE OF FINANCE OF COLOMBIA TO OPERATE IN THE COUNTRY, WHICH, HEREINAFTER SHALL BE CALLED THE INSURER, GRANTS IN FAVOR OF ECOPETROL S A, HEREINAFTER CALLED ECOPETROL, THE INSURED AND BENEFICIARY ENTITY, THE COVERAGE SPECIFIED IN THE FRONT PAGE OF THIS POLICY SUBJECT IN ITS SCOPE AND CONTENT TO THE GENERAL AND PARTICULAR CONDITIONS THERETO WITHOUT EXCEEDING THE CORRESPONDING INSURED AMOUNT, PURSUANT TO THE PROVISIONS IN ARTICLE 1079 OF THE COLOMBIAN CODE OF COMMERCE ACCORDING TO THE DEFINITIONS AND SCOPE OF THE RESPECTIVE COVERAGE DESCRIBED HEREUNDER:

SECTION I: COVERAGE

1. COVERAGE FOR SERIOUSNESS OF THE BID

BY MEANS OF THIS COVERAGE ECOPETROL IS PROTECTED AGAINST ANY EQUITY DAMAGE CAUSED BY THE BIDDER AS THE RESULT OF ANY BREACHING ONCE THE CONTRACT HAS BEEN AWARDED AND FROM ANY OF THE OBLIGATIONS AND NECESSARY REQUIREMENTS FOR THE EXECUTION, PERFECTION AND A COMMENCEMENT OF THE SAME, AND MORE SPECIFICALLY AS A RESULT OF ANY DEFAULT ON THE OBLIGATIONS TO ENTERED INTO AND TO PERFECT THE CONTRACT UNDER THE TERMS IN WHICH THE BID HAS BEEN PRESENTED AND PROVIDE IN THE APPROPRIATE MANNER ANY PERFORMANCE POLICY OR BANK COLLATERAL REQUIRED TO COMPLY WITH THE SAME. ALL OF THIS, PURSUANT TO THE PARAMETERS SET FORTH IN THE SELECTION PROCESS AND ALL OTHER CONDITIONS REQUIRED BY ECOPETROL.

THE AMOUNT INSURED ESTABLISHED FOR THE COVERAGE OF SERIOUSNESS OF THE BID HAS PUNITIVE OR PENALTY IMPLICATIONS AND CONSTITUTES AN ADVANCE ASSESSMENT OF DAMAGES.

2. COVERAGE FOR ADVANCEMENT

THIS COVERAGE GUARANTEES THE REIMBURSEMENT TO ECOPETROL OF THE FUNDS AND GOODS GIVEN TO THE CONTRACTOR AS AN ADVANCE FOR THE EXECUTION OF THE CONTRACT IF SAID CONTRACTOR HAS MADE INAPPROPRIATE USE OF SAID FUNDS.

IT SHALL BE UNDERSTOOD THAT THERE HAS BEEN INAPPROPRIATE USE OF THE FUNDS OR GOODS GIVEN IN ADVANCE, IN THE EVENT THAT SUCH FUNDS OR GOODS HAVE NOT BEEN USED FOR THE PURPOSE FOR WHICH THEY WERE GIVEN AT THE BEGINNING OR DURING THE DEVELOPMENT OF THE EXECUTION OF THE CONTRACT WHICH INCLUDES NO-REIMBURSEMENT, AS IT MAY APPLY.

THIS COVERAGE DOES NOT EXTEND TO THE USE OF FUNDS GIVEN AT PREPAYMENT TO THE CONTRACTOR. THIS RISK SHALL ALSO BE COVERED IN THE EVENTS AS THEY MAY APPLY AS DEFINED HEREUNDER.

3. COVERAGE FOR PREPAYMENT

THIS COVERAGE GUARANTEES THE REIMBURSEMENT TO ECOPETROL BY THE CONTRACTOR OF ANY BALANCE CORRESPONDING TO THE DIFFERENCE BETWEEN THE TOTAL AMOUNT RECEIVED BY THE CONTRACTOR AS PREPAYMENT AND ANY AMOUNT CORRESPONDING TO THE PORTION PERFORMED OF THE CONTRACT.

THEREFORE, IF THE CONTRACT IS PARTIALLY PERFORMED, ANY REIMBURSEMENT AS IT MAY APPLY SHALL BE CALCULATED DEDUCTING FROM THE FULL AMOUNT GIVEN BY ECOPETROL TO THE CONTRACTOR AS THE PREPAYMENT, THE AMOUNT CORRESPONDING TO THE REMUNERATION OR PAYMENT OF THE PERFORMED PORTION OF THE CONTRACT.

4. COVERAGE FOR PERFORMANCE OF THE CONTRACT

THIS COVERAGE PROTECTS ECOPETROL AGAINST ANY EQUITY DAMAGE SUCH AS GENERAL DAMAGE AND LOSS OF PROFITS RESULTING FROM ANY BREACHING ATTRIBUTABLE TO THE CONTRACTOR ON ANY OF THE OBLIGATIONS ARISING FROM THE GUARANTEED CONTRACT.

THIS COVERAGE COMPRISES ANY FINES AND THE AMOUNT OF THE PENALTY CLAUSE IF ENFORCED. THE TOTAL INDEMNITY SHALL NOT EXCEED IN ANY CASE THE AMOUNT INSURED SET FORTH FOR SAID PURPOSE.

5. COVERAGE FOR THE PAYMENT OF SALARIES, FRINGE BENEFITS AND INDEMNIFICATION

AS PROVIDED IN ARTICLE 34 OF THE COLOMBIAN CODE OF LABOR, THIS COVERAGE PROTECTS ECOPETROL AGAINST THE RISK OF DEFAULT BY THE CONTRACTOR ON ANY LABOR OBLIGATIONS ACQUIRED BY SAID CONTRACTOR WITH PERSONNEL USED IN THE EXECUTION OF THE CONTRACT BEING THE PURPOSE OF COVERAGE UNDER THIS POLICY.

THE INSURANCE COMPANY SHALL MAKE THE PAYMENTS TO THE EXTENT THAT EACH OF THE WORKERS DEMONSTRATES THEIR RIGHTS AND THE AMOUNT INSURED SHALL BE DECREASING TO THE EXTENT THAT PAYMENTS ARE BEING MADE UNTIL COMPLETION, IF SUCH IS THE CASE.

6. COVERAGE FOR STABILITY OF WORKS

THIS COVERAGE PROTECTS ECOPETROL AGAINST ANY EQUITY DAMAGE INCLUDING LOSS OF PROFITS RESULTING FROM ANY IMPAIRMENT THAT, UNDER NORMAL CONDITIONS OF USE, SUFFERS ANY OF THE GOODS BUILT OR MANUFACTURED BEING THE PURPOSE OF THIS CONTRACT, FOR THE ACTIONS OR OMISSIONS ATTRIBUTABLE TO THE CONTRACTOR DERIVED FROM DEFICIENCIES IN THE EXECUTION AND COMPLIANCE WITH CONTRACT AND DETECTED AFTER THE TERMINATION AND DELIVERY OF THE SAME.

THIS COVERAGE SHALL START TO BE IN FORCE AFTER THE ISSUANCE OF THE MINUTES OF THE DELIVERY OF WORKS DULY COMPLETED WITH THE RESPECTIVE RECORD OF RECEPTION AT SATISFACTION BY ECOPETROL.

7. COVERAGE FOR QUALITY OF EQUIPMENT PROVIDED

THIS COVERAGE PROTECTS ECOPETROL AGAINST ANY EQUITY DAMAGE INCLUDING LOSS OF PROFITS RESULTING FROM ANY IMPAIRMENT THAT, UNDER NORMAL CONDITIONS OF USE, SUFFERS ANY OF THE GOODS BEING THE PURPOSE OF THIS CONTRACT, FOR THE ACTIONS OR OMISSIONS ATTRIBUTABLE TO THE CONTRACTOR DERIVED FROM THE DEFICIENT QUALITY OF THE GOODS OR EQUIPMENT PROVIDED IN ACCORDANCE WITH THE TECHNICAL SPECIFICATIONS AGREED IN THE CONTRACT AND DETECTED AFTER THE TERMINATION AND DELIVERY OF THE SAME.

THIS COVERAGE SHALL START TO BE IN FORCE AFTER THE ISSUANCE OF THE MINUTES OF THE DELIVERY OF THE EQUIPMENT PROVIDED DULY COMPLETED WITH THE RESPECTIVE RECORD OF RECEPTION AT SATISFACTION BY ECOPETROL.

8. COVERAGE FOR PROPER OPERATION OF EQUIPMENT

THIS COVERAGE PROTECTS ECOPETROL AGAINST ANY EQUITY DAMAGE INCLUDING LOSS OF PROFITS RESULTING FROM ANY DEFICIENCIES IN THE OPERATION THAT, UNDER NORMAL CONDITIONS OF USE, SUFFERS ANY OF THE EQUIPMENT PROVIDED TO INSTALLED IN THE DEVELOPMENT OF THE CONTRACT, FOR THE ACTIONS OR OMISSIONS ATTRIBUTABLE TO THE CONTRACTOR DERIVED FROM THE DEFICIENT QUANTITY OR IMPROPER INSTALLATION OF THE SAME IN ACCORDANCE WITH THE TECHNICAL SPECIFICATIONS AGREED IN THE CONTRACT AND DETECTED AFTER THE TERMINATION AND DELIVERY OF THE SAME.

THIS COVERAGE SHALL START TO BE IN FORCE AFTER THE ISSUANCE OF THE MINUTES OF THE DELIVERY OR INSTALLATION OF THE EQUIPMENT PROVIDED WITH THE RESPECTIVE RECORD OF RECEPTION AT SATISFACTION BY ECOPETROL.

9. COVERAGE FOR QUALITY OF SERVICE

THIS COVERAGE PROTECTS ECOPETROL AGAINST ANY EQUITY DAMAGE INCLUDING LOSS OF PROFITS ATTRIBUTABLE TO THE CONTRACTOR RESULTING FROM NONCOMPLIANCE OR DEFICIENT NON-COMPLIANCE WITH THE SPECIFICATIONS AND REQUIREMENTS OF THE SERVICE CONTRACTED BY ECOPETROL PURSUANT TO THE TERMS AND CONDITIONS DEFINED IN THE CONTRACT GUARANTEED AND IDENTIFIED IN THE PARTICULAR CONDITIONS OF THIS POLICY.

THIS COVERAGE SHALL START TO BE IN FORCE AFTER THE ISSUANCE OF THE MINUTES OF THE DELIVERY OF THE SERVICE CONTRACTED WITH THE RESPECTIVE RECORD OF RECEPTION AT SATISFACTION BY ECOPETROL.

10. COVERAGE FOR THE PROVISION OF SPARE PARTS AND ACCESSORIES

THIS COVERAGE PROTECTS ECOPETROL AGAINST ANY EQUITY DAMAGE INCLUDING LOSS OF PROFITS ATTRIBUTABLE TO THE CONTRACTOR RESULTING FROM NONCOMPLIANCE WITH THE PROVISION OF SPARE PARTS AND ACCESSORIES PURSUANT TO THE STIPULATIONS IN THE CONTRACT.

THIS COVERAGE SHALL START TO BE IN FORCE AFTER THE ISSUANCE OF THE MINUTES OF TERMINATION OF THE CONTRACT WITH THE RESPECTIVE RECORD OF RECEPTION AT SATISFACTION BY ECOPETROL.

11. OTHER COVERAGE

THE INSURANCE COMPANY SHALL PROVIDE TO ECOPETROL ALL OTHER COVERAGE AS DETERMINED IN THE FRONT PAGE OR IN THE ANNEXES ISSUED TO THE POLICY HEREOF.

PARAGRAPH; THE LISTED COVERAGE IS INDEPENDENT FROM ONE ANOTHER REGARDING THE COVERAGE PROVIDED AND THE AMOUNT INSURED. THEREFORE, THEY ARE MUTUALLY EXCLUSIVE AND NON-CUMULATIVE.

SECTION II: EXCLUSIONS

COVERAGE PROVIDED IN THE POLICY HEREOF SHALL NOT APPLY IN THE FOLLOWING CASES:

1. FORCE MAJEURE OR ACTS OF NATURE

IN THE EVENT OF FORCE MAJEURE, ACTS OF NATURE OR ANY OTHER LEGAL CAUSE OF EXEMPTION OF RESPONSIBILITY BY THE CONTRACTOR.

2. AMENDMENTS TO THE ORIGINAL CONTRACT

ANY EQUITY DAMAGE GENERATED BY OR FROM BREACHING ATTRIBUTABLE TO THE CONTRACTOR AND RESULTING IN AMENDMENTS TO THE ORIGINAL CONTRACT, SAVE THERE HAS BEEN ACCEPTANCE OF THE SAME BY THE INSURANCE COMPANY WITH A WRITTEN RECORD.

3. INJURIES TO PERSONS OR DAMAGE TO PROPERTY

ANY INJURY CAUSED BY THE CONTRACTOR OR BY ITS WORKERS TO ECOPETROL'S PERSONNEL OR ANY THIRD PARTIES, OR ANY DAMAGE CAUSED TO ECOPETROL'S PROPERTY OR ANY THIRD PARTIES, OCCURRING DURING THE EXECUTION OF THE CONTRACT, OR THOSE DERIVED IN GENERAL FROM THE EXTRA-CONTRACTUAL CIVIL LIABILITY OF THE CONTRACTOR.

4. IMPAIRMENT BY THE PASSING OF TIME

THE IMPAIRMENT OR NORMAL DETERIORATION SUFFERED BY THE GOODS, PROPERTY OR WORKS CARRIED OUT AND COVERED BY THE POLICY, AS A CONSEQUENCE OF THE MERE PASSING OF TIME.

SECTION III: GENERAL CONDITIONS

1. TERM

The term of the coverage included in the policy hereof shall be recorded in the front page of the same or through annexes according to the nature of each of them. The term for the performance coverage under no circumstances shall be less than that term of execution and liquidation of the contract.

The term may be extended by request from ECOPETROL or the contractor, if so stated. If the insurance company accepts the extension, it will issue the certificates and annexes recording said amendment subject to the payment of the corresponding premium.

2. LOSS CLAIM

Pursuant to the provisions in article 1077 of the Colombian code of commerce, ECOPETROL shall demonstrate both the occurrence of the incident as well as the amount of the loss and shall correspond to the insurance company to demonstrate the facts or circumstances waving its responsibility.

The occurrence of the loss may be accredited as follows:

2.1 IN THE EVENT OF EXPIRATION

By means of an administrative action duly executed stating the expiration of the contract, which shall be notified both to the insurance company as well as the contractor, pursuant to the provisions of article 44 of the Colombian administrative code.

2.2 TO MAKE EFFECTIVE THE PAYMENT OF PENALTY OR THE PENALTY CLAUSE

By delivery to the insurance company of the decision made ordering the payment of a fine or the penalty clause in accordance with the terms and conditions of the respective contract being the purpose of the coverage.

2.3 IN ALL OTHER EVENTS

For all contracts entered into by ECOPETROL in all other events in which there is claim under this policy, by delivering to the insurance company all documents or evidence accrediting the occurrence of the loss and the amount of the damage being the purpose of the claim, pursuant to the provisions in article 1077 of the code of commerce.

3. PROVING THE AMOUNT TO BE INDEMNIFIED

The amount of the loss may be proved, depending on the case: with the minutes of liquidation of the contract; with the administrative action in firm of the unilateral liquidation of the contract; with the decision duly justified claiming the payment of a fine or a penalty clause accompanied by the text of the contract stipulating the enforcement of the same, or by any other means that allows to prove the amount of the loss suffered as provided in article 1077 of the code of commerce.

4. PAYMENT OF THE LOSS

Pursuant to the provision in article 1110 of the code of commerce, the indemnity may be paid in cash, or by replacement, repair or reconstruction of the goods insured at the option of the insurance company.

If the option is to indemnify with an amount in cash, pursuant to the indications in Article 1080 of the code commerce, this payment shall be made as follows:

In the case of numeral 2.1 the payment shall be made within the following month after a written communication delivered by ECOPETROL to the insurance company, accompanied with the corresponding administrative act, duly executed declaring the expiration of the contract and the minutes of liquidation of the same or a resolution executed adopting its unilateral liquidation.

In the cases of numerals 2.2 and 2.3 payment shall be made within the following month after delivery of the written communication by ECOPETROL to the insurance company accompanied by the documents proving the occurrence of the loss and the amount of any damage.

5. AMOUNT INSURED

The insurance company's liability in connection with each coverage is limited to the value established as insured amount in the from page or the annexes issued based on the policy, and shall not exceed in any case said amount, pursuant to the provisions in article 1079 of the code of commerce.

The amount of the insured value may be reestablished with the express previous acceptance from the insurance company when there is a formal request by ECOPETROL or the contractor, thus generating an additional premium charge which shall be previously paid by the policyholder.

6. COMPENSATION OF OBLIGATIONS

If ECOPETROL owes any money to the contractor by virtue of the contract guaranteed at the time of filing the judicial or extrajudicial claim of the loss, ECOPETROL shall compensate the amounts owed pursuant to the provisions in articles 1714 and the following, of the Colombian civil code, thus decreasing the amount of indemnity to be paid by the insurance company to ECOPETROL.

7. SUBROGATION

By virtue of the indemnity payment pursuant to article 1096 of the code of commerce and according to article 203 of Decree 663 of 1993 (EOSF) Code of the Financial System, the insurance company subrogates up to the amount paid by said company on the rights ECOPETROL may be entitled against the contractor resulting from the occurrence of the loss.

8. ASSIGNMENT OF THE CONTRACT

If by any breaching from the contractor, the insurance company resolves to continue with the execution of the contract and if ECOPETROL is in agreement, the contractor accepts hereafter the assignment of the contract in favor of the insurance company.

9. COEXISTING INSURANCE

Pursuant to the provisions in the code of commerce, in case of existence, at the time of the incident or loss, of any other insurance for the same coverage in connection with the contract thereto, the amount of the indemnity as it may apply shall be distributed between the insurers in proportion to the amounts of their respective insurance contracts without exceeding the amount insured as set forth in the contract.

10. NO EXPIRATION BY FAILURE OF PAYMENT OF THE PREMIUM AND IRREVOCABILITY

The policy hereof shall not expire by failure of payment of the premium and said premium shall not be revocable in a unilateral manner neither by the insurance company nor by the contractor.

11. CONDUCT OF THE POLICYHOLDER

It is stated for the record that ECOPETROL shall not accept any objections from the insurance company regarding the exceptions or defense resulting from the conduct of the policyholder, in particular those derived from any inaccuracy or reticence incurred by the contactor in the contracting of insurance or its omission regarding the duty to report the seriousness of a risk situation, or in general any other exceptions the insurance company may have against the contractor.

12. NOTIFICATION AND RECOURSES

ECOPETROL shall timely notify the insurance company on any administrative action issued in connection with the guaranteed contract, in particular those on expiration and unilateral termination of the contract, being the insurance company entitled to file any pertinent legal action against said administrative actions pursuant to the provisions in the Administrative Code.

13. AMENDMENTS

In those cases in which the amount of the contract or the term of the same are increased or decreased, or in general when the stipulations of the original contract are somehow amended according to the law by the parties, the respective amendment to the insurance as it may apply, must be previously accepted by the insurance company in order to make it effective.

14. GUARANTEE CALL

When the discussion regarding any breaching of the contract occurs in an arbitration process between ECOPETROL and the contractor, the insurance company is committed in advance to accept the guarantee call made inside said process.

15. VIGILANCE

The insurance company is entitled to conduct vigilance on the contractor regarding the execution of the contract, and ECOPETROL shall provide the necessary cooperation. In those cases in which the contract has as a purpose any issues in connection with public order and the national security, ECOPETROL shall forbid or limit this power to the insurance company.

ECOPETROL makes the commitment to carry out strict control on the development of the contract and the handling of the corresponding funds and goods within the legal provisions that said control confers.

16. CO-INSURANCE

If there is any co-insurance as referred to in article 1095 of the code of commerce, the amount of the indemnity, as it may apply, shall be distributed between the insurers at a pro rate of the amounts of their respective insurance, without solidarity between participating insurers and without exceeding the amount insured under the insurance contract.

17. BANKRUPTCY PROCEEDINGS

ECOPETROL is obliged to protect its rights in any bankruptcy proceedings as set out in the Colombian legislation in which the contractor may be admitted, as it may do it if there was no guarantee as provided by the policy hereof, its application certificates and its coverage, giving notice to the insurance company of said conduct. Any failure to comply with this obligation would cause to ECOPETROL the consequences stipulated in article 1078 of the code of commerce.

18. TIME BAR

The time bar for the actions derived from the contract hereof shall be governed pursuant to article 1081 of the code of commerce as added or amended or any other special applicable law to the case.

19. INCOMPATIBLE CLAUSES

In case of any incongruity or differences between the general and particular conditions of the policy, the latter shall prevail.

20. SETTLEMENT OF CONFLICTS

In case of any disputes or conflicts in connection with the interpretation, execution and enforcement of the policy hereof, the parties shall make their best effort to use the alternative settlement mechanisms as stated in Law 80 of 1993.

21. DOMICILE

Without prejudice of any proceedings stipulations, for all purposes regarding the contract hereof, the parties establish as a domicile the city of Bogota D C.

ANNEX 4

SAMPLE STAND-BY LETTER OF CREDIT

SAMPLE STAND-BY LETTER OF CREDIT

Letter of Credit No [_____]

Place and date of issuance: [_____]

Nominal Value: US$ [_____]

Issuing Bank: [_____]

Beneficiary: Ecopetrol S A

Applicant: [_____]

By means of this document we are informing to you, Ecopetrol S A (the “Beneficiary”) that, by request from [_____] (the “Applicant”), a company created pursuant to the laws of [_____], through its branch duly established in Colombia, the Bank [_____] (the "Bank”) that we have issued in favor of Ecopetrol S A, a company incorporated pursuant to the laws of the Republic of Colombia and with tax ID [_____] (the “Beneficiary”), this Stand-by Letter of Credit irrevocable at first request (the “Letter of Credit”) to ensure payments of up to the nominal value as indicated above (The “Secured Obligations”).

This Letter of Credit shall be valid from [_____] of 20 [ ] until the date of occurrence [ ][ ] calendar days after [ ] of [ ].

It is understood that the Bank’s responsibility derived from the Letter of Credit hereof is limited only and exclusively to the amounts and the terms indicated in the heading of the Letter of Credit.

In case of default by the Applicant of all or any of the Secured Obligations, the Beneficiary shall report said default to the Bank in its offices located at [_____], within the term of the Letter of Credit hereof. On the same date of reception of the referred communication by the Bank, the Bank shall directly proceed to pay in an unconditional manner to the Beneficiary the amounts indicated in the document reporting the default to the Beneficiary, without exceeding at any time the total secured value drawn on this Letter of Credit in (i) pesos, the legal currency of the Republic of Colombia, or (ii) dollars of the United States of America.

If the communication of default previously mentioned is not received within the term of the Letter of Credit hereof, the Bank’s responsibility derived therefrom shall cease.

The communication informing the Bank regarding the default of the Secured Obligations shall consist of a document duly signed by the legal representative of the Beneficiary or whoever replaces him, stating the default by the Applicant of the Secured Obligations and thus requesting the payment of the guarantee hereof. Said communication shall indicate the number of this Letter of Credit, and the amount drawn thereto. In case the Beneficiary decides to use the Letter of Credit in pesos, the legal currency in the Republic of Colombia, the amount of the nominal value of the Letter of Credit shall be converted at the market representative exchange rate certified by the Superintendence of Finance of Colombia on the date in which the communication is submitted to the Bank.

This document shall be governed by the International Standby Practices (ISP98) from the International Chamber of Commerce.

EXHIBIT 10.6

TRANSPORTATION CONTRACT
SPECIFIC CONDITIONS

Date	**Bogota D.C. January 30, 2012**

Contract No.	**VIT-005-2012**

SENDER	**SOLANA PETROLEUM EXPLORATION COLOMBIA LIMITED**
TAX ID	**830.051.027-8**

SHIPPER	**ECOPETROL S.A.**
TAX ID	**899.999.068-1**

T Y P E O F CRUDE OWN PRODUCTION [x] PROPERTY [ ]

PURPOSE

Transportation Service of liquid hydrocarbons through the "Trasandino" Pipeline(OTA) and Mansoyá-Orito (OMO) pipeline.

ECONOMIC CONDITIONS

Estimated Value of the Contract	Six millions seven hundred forty five thousand dollars of The United States of America **(USD$6.745.000).**
Rate "Mansoyá-Orito" Pipeline (OMO)	Cero point five one nine two dollars of The Untied States of America **(USD$0,5192) per Barrel**
Rate "Trasandino" Pipeline (OTA)	Three dollars eleven forty three cents of dollars of The Untied States of America **(USD$3,1143) per Barrel.**

CONTRACTED CAPACITY

PRODUCT	**Daily Average (Barrels/calendar day)**	**Monthly average (Barrels/month)**
Crude	10.000	300.000

TERM OF EXECUTION	From January 30, 2012 until July 29, 2012

POINTS OF ENTRANCE AND EXIT

MANSOYÁ - TUMACO

Point #	**Type of Point**	**Name of Point**	**Distance (km)**
1	Point of Entrance	Entrance bridle to the srapers tramp in the PK 35+400 of OMO	377,3
2	Point of Exit	Exit bridle to the main tanks of Tumaco Plant.	

SPECIFICATIONS OF PRODUCTS TO BE SHIPPED

PRODUCT CHARACTERISTICS

Characteristics	Lower Limit	Upper Limit
Temperature		120°F
Viscosity		300 cSt 30ºC.
Water and sediments (BSW)		0,5 % in volume
Salt		20 PTB
Steam pressure		Eleven (11) psi at 100°F
Gravity in API degrees	18 degrees	50 degrees

Quality Specifications of Crude:

Bases on the operating conditions of the "Trasandino" Pipeline, ECOPETROL shall only receive daily crude oil from the SENDER up to a maximum equivalent to 12% of the total light crude received in the day at the Orito Plant.

The indicated Quality Specifications correspond to those which the final mix of crude delivered by the SENDER shall have. In the event in which the Crude delivered by the SENDER fails to meet the Quality Specification and if the buying of dissolvent is required to make mixes, the SENDER shall request approval from ECOPETROL before its delivery for transportation by ECOPETROL.

It is the SENDER's responsibility to ensure its possession, control and entitlement to deliver or make deliver on its behalf the crude received by ECOPETROL at the Entrance Point. The SENDER shall hold ECOPETROL harmless against any claim, action or damages which may result from suits, claims or administrative, judicial or extrajudicial actions from any third persons alleging ownership or possession on the crude to be shipped.

BONDS

TYPE OF BOND	AMOUNT
Performance Insurance Policy	Four thousand forty seven millions of Colombian pesos **($4.047.000.000)**

In witness whereof, and accepting the General Conditions and the Specific Conditions this Contract is subscribed in two (2) duplicates of the same content in the city of Bogotá on the thirtieth (30th) day of the month of January, 2012.

BY THE SENDER:		**BY ECOPETROL S.A.:**
Signature	***"/s/ Duncan Nightingale"***	Signature ***"/s/ Rafael Espinosa Rozo"***
Name:	**DUNCAN NIGHTINGALE**	**RAFAEL ESPINOSA ROZO**
Title:	Legal Representative Pasaporte No. BA386341	Pipelines Manager C.C. No. 79.432.773 de Bogotá D.C.
Signature	***"/s/ Hugo Rodriguez"***	
Name:	**HUGO RODRIGUEZ**	
Title:	Legal Representative C.C. No. 3.093.980	

All notifications and communications to be delivered to the Parties as a result of the execution of the Contract hereof shall be made to the addresses indicated as follows:

ECOPETROL

ADDRESS	5.1	Carrera 7 No. 37 – 69 Piso 9 Edificio Teusacá
TELEPHONE	5.2	2343491
FAX	5.3	2343532
CITY	5.4	Bogotá D.C.

THE SENDER

ADDRESS	5.5	Calle 113 No. 7 – 80 Piso 17
TELEPHONE	5.6	6585757
FAX	5.7	2139327
CITY	5.8	Bogotá D.C.

TRANSPORTATION CONTRACT
GENERAL CONDITIONS

The Contract hereof executed between ECOPETROL and the SENDER shall be comprised by these General Clauses and by the Specific Conditions subscribed by the Parties. All current legal provisions shall apply thereto and therefore the Parties are obliged to fulfill them regardless of whether or not they are stated in this document or in the Specific Conditions.

PARTIES: The Parties of the Contract shall be: ECOPETROL S A, hereinafter ECOPETROL, a company of mixed economy, authorized by law 1118 of 2006, attached to the Ministry of Mines and Energy, acting pursuant to its by-laws with its main domicile in Bogotá D C with Tax ID 899.999.068-1, represented by whoever subscribes the Specific Conditions of the Contract and the SENDER, identified as indicated in the Specific Conditions, who is obliged subject to the conditions and terms set forth herein.

ECOPETROL and the SENDER may also be called in this Shipment Contract or "Contract", individually as the "Party" or jointly as the "Parties".

RECITALS:

1. ECOPETROL is the owner of the pipelines of private use indicated in the Specific Conditions (hereinafter, the "Pipelines").
2. Currently the Pipelines have Available Capacity for the shipment of crudes from third parties.
3. The SENDER has crude oils of its own/production that wishes to ship through the Pipelines under the conditions established in this Contract and its annexes, with the quality specifications set forth by ECOPETROL for its shipment through the Pipelines.
4. The Parties have agreed to enter into this Contract under the "Spot" shipping contract modality, by virtue of which, the SENDER shall be obliged to pay the shipping fee applicable for the barrels effectively shipped through the Pipelines during the Month of Operation and subject to the existence of Available Capacity.
5. The SENDER knows and accepts in all its terms the Manual of the Shipper of the Pipelines, which is an integral part of the Contract hereof as Annex 1.

By virtue of the above the parties agree:

CLAUSE FIRST
PURPOSE

1.1 ECOPETROL is obliged within the terms and conditions set out in this Contract, its annexes and in the applicable regulations, to ship through the Pipeline, from the Entrance Points agreed and detailed in the Specific Conditions to the Exit Points agreed and detailed in Specific Conditions, crudes owned/produced by the SENDER and delivered in the Entrance Points pursuant to the instructions and procedures set out by ECOPETROL (hereinafter, the "Service").

1.2 By virtue of this Contract and as indicated in the Specific Conditions, the SENDER shall have a limited capacity for shipment by the Pipeline of crudes of its own/production, subject to the existence of Available Capacity during the month of operation of the Service (hereinafter, the "Contracted Capacity").

1.3 The scope of the obligations of ECOPETROL is limited to the reception, custody, shipment, decanting, and indispensable storage for the transportation and shipment of Crude to the SENDER.

1.4 The Contract hereof does not include the provision of the unloading service in unloading areas, the treatment of crudes, the storage in export terminals, or any terminal services. It is the responsibility of the SENDER to execute or contract these services whenever it may be necessary. The SENDER shall wave and hold ECOPETROL harmless for any damage or prejudice suffered by ECOPETROL as a result of failing to receive the Crude in the Exit Point, either by lack of the services before mentioned or by failing to provide the appropriate facilities for such purpose.

CLAUSE SECOND
DEFINITIONS

2.1 All capitalized terms shall have the meaning as defined in the Clauses of this Contract and/or in Clause 2 of the Manual of the Shipper of ECOPETROL.

CLAUSE THIRD
TERM

3.1 The Contract shall be in force during the period indicated in the Specific Conditions.

3.2 The term of execution of the Service for the Contracted Capacity being the purpose of the Contract hereof may be extended by common agreement between the Parties by a document subscribed prior to the date of termination of the Contract, subject to the existence of Available Capacity in the Pipeline during the month of Operation in which the Service is to be provided.

3.3 the obligation of the monthly payment borne by the SENDER for the Service shall be made during the totality of the term of execution of the Contract.

CLAUSE FOURTH
AMOUNT OF THE CONTRACT

4.1 The initial estimated amount of the Contract hereof is as indicated in the Specific Conditions. The final amount of the Contract shall correspond to the total of the actual invoicing by ECOPETROL and shall be established upon termination and final liquidation of the same.

CLAUSE FIFTH
FEES

5.1 The Contract is agreed under the "Spot" modality, understanding that the SENDER shall pay for the Barrels effectively transported through the Pipeline subject to the existence of Available Capacity in the Pipeline during the Month of Operation in which the Service is to be provided.

5.2 The SENDER is obliged irrevocably and unconditionally by subscription of this Contract to the payment of the fee indicated in the Specific Conditions for each Barrel effectively transported making use of its Contracted Capacity (hereinafter, the "Fee").

CLAUSE SIXTH
READJUSTMENTS

6.1 The Monthly Fee agreed in this Contract shall be adjusted each year pursuant to the formula established by the Ministry of Mines and Energy in Resolution 124 386 of July 15th, 2010 or any provisions the amend, add or supersede it.

CLAUSE SEVENTH
TERMS OF PAYMENT

7.1 The SENDER undertakes the obligation to pay irrevocably and unconditionally the Service for the Contracted Capacity, twenty (20) calendar days at the latest, after ECOPETROL files in the offices of the SENDER the invoice for the provision of the Service.
7.2 ECOPETROL shall deliver to the SENDER on the twentieth (20) day of each month at the latest a preliminary account (invoice) with the amount that the SENDER must pay (corresponding to the current month) based on the Nomination made by the SENDER for the current month.
7.3 Considering that the charging for the Service is made on the Nomination of the current month, ECOPETROL in order to make the corresponding adjustment to the nominated volume and the volume of Crude actually shipped, shall generate the corresponding debit and credit vouchers and shall deliver said debit or credit vouchers together with the invoice(s) of the nominated month to be charged. The due date of the debit and credit vouchers shall be the same as for the invoice (with the nominated volume) of the current month in order to facilitate the SENDER the making of only one net payment for both items.
7.4 Payments shall be made in Colombian pesos using the arithmetic average of the representative market exchange rate certified by the Superintendence of Finance or the entity replacing it, of the days of the month corresponding to the Service invoiced.
7.5 The SENDER shall make the payment by means of making a deposit in any of the bank accounts as indicated by ECOPETROL. In case ECOPETROL requires any changes in the bank account, it shall be informed in writing to the SENDER.
7.6 The SENDER is obliged to receive the invoice once ECOPETROL has filed it. Any objections to the invoicing will not interrupt the term for the payment respect to the sums that are not objected by the SENDER, pursuant to the term established in this clause. ECOPETROL shall issue the note credit or equivalent document respect to the sums objected by the SENDER, in order to rectify the inaccuracy.

7.7 ECOPETROL, in order to facilitate and expedite the verification of the invoices by the SENDER shall deliver via e-mail the same day of its preparation and in PDF format, to the account of institutional e-mail registered by the SENDER, a copy of the invoices and corresponding debit and credit vouchers.

7.8 The SENDER shall pay late interests on any unpaid amounts pursuant to the provisions set out by ECOPETROL in the Guidelines for Administration of Service Receivables ECP-UTE-G-008 or a document that modifies or supersedes it, which is an integral part of the Contract hereto as Annex 2.

7.9 The shipment tax shall be invoiced in Colombian pesos upon obtaining the corresponding liquidation from the Ministry of Mines and Energy and shall be paid to ECOPETROL by the SENDER, within the fifteen (15) calendar days after ECOPETROL files in the offices of the SENDER the corresponding bills or invoices.

7.10 The amounts deposited by the SENDER in any of the bank accounts of ECOPETROL must come from the accounts owned by the SENDER, who by means of written communication before the subscription of the Contract will certify the origin of funds. This in accordance with the Policy for the Prevention and Control of Asset Laundering of ECOPETROL.

CLAUSE EIGHTH
BONDS

8.1 The SENDER may pay in advance the Service for the Contracted Capacity, in which case the corresponding invoice shall be adjusted pursuant to the provisions in the Clause of Terms of Payment as it may apply.

8.2 Otherwise, In order to guarantee compliance with all and each of the obligations of the SENDER under the Contract hereof, including but without being limited to the payment of the Fee, the SENDER is obliged to constitute in favor of ECOPETROL and to deliver within ten (10) business days after the subscription of the Contract hereof for the amount indicated in the Specific Conditions (hereinafter, the "Bond"):

a) A performance policy for the payment of Services issued by an insurance policy legally established in the country, governed by the General Clauses of ECOPETROL indicated in Annex 3; or

b) An irrevocable stand-by letter of credit at first requirement, issued by (i) a banking establishment authorized to operate in Colombia with AAA credit rating for its long-term debt in pesos, o (ii) a foreign financial entity with representation or a confirming and payment bank in Colombia, with risk credit of long term debt in dollars no less than the rating for the foreign sovereign debt of Colombia issued pursuant to the International Standby Practices (ISP98) of the International Chamber of Commerce, for which, it may be used the form contained in Annex 4 of the Contract hereof.

8.3 The Bond shall be valid during all the term of execution of the Contract plus one hundred twenty (120) calendar days.

8.4 In the case of local financial institutions, the bond shall expressly state that the issuer waves the benefit of excussio stipulated in article 2383 of the Colombian Civil Code.

8.5 The issuance and validity of the Bond shall be an indispensable condition for the provision of the Service. As a consequence, ECOPETROL may suspend the provision of the Service or terminate the Contract in advance, when the Bond is not in force, without this waiving the SENDER from its payment obligations and all other obligations derived from the Contract hereof.

CLAUSE NINTH
OBLIGATIONS OF THE SHIPPER

9.1 In addition to the obligations set forth in the Manual of the Shipper and those established in the law, ECOPETROL is obliged in a special manner to:

a) Receive in the Entrance Point agreed in the Pipeline, the Crude owned by the SENDER up to the volume corresponding to the Contracted Capacity, subject to the Available Capacity of the Pipeline in the Month of Operation in which the Service is to be provided.
b) Maintain in custody the Crude delivered from the Point of Entrance until the time of delivery to the SENDER in the Exit Point. Notwithstanding the foregoing, in the event in which the SENDER does not receive the Crude in the Point of Exit pursuant to the agreement, the responsibility by the ECOPETROL to maintain the Crude in custody shall cease.
c) Shipping and decanting through the Pipeline the Crude delivered by the SENDER from the Point of Entrance until the Exit Point.
d) Store the Crude from its reception in the Point of Entrance until delivered to the SENDER in the Point of Exit, exclusively to facilitate its shipment under the Contract hereof, not including the storage for export or the segregate storage of Crude.
e) Deliver the Crudes shipped to the SENDER or whoever is designated as receiver of the same in the Point of Exit, in accordance with the instructions received by the SENDER and with the conditions of the Manual of the Shipper.
f) ECOPETROL shall not be obliged to receive Crude: (a) when the same fails to fulfill the Specifications of Quality agreed in the Contract hereof; (b) when the SENDER does not have an accepted nomination in the Shipment Schedule of the Pipeline, or (c) when there are not valid agreements of the SENDER that allow the delivery of Crude in the Point of Exit.
g) Execute all other obligations derived from the nature of the Contract.

CLAUSE TENTH
OBLIGATIONS OF THE SENDER

10.1 In addition to the obligations set out in the Manual of the Shipper and those in the law, the SENDER is obliged particularly to:

a) Undertake the nomination of the Crudes to be shipped, pursuant to the procedure established in the Manual of the Shipper.
b) Deliver at the Point of Entrance the Crudes of its own/production included in the Shipment Schedule as a result of the nomination process.
c) Receive in the Point of Exit the Crudes transported as established in the Manual of the Shipper and the procedures set forth by ECOPETROL, or if a receiver different than the SENDER has been designated, this shall take al necessary measures so that the Crude is received in accordance with the stipulations in the Manual of the Shipper and the procedures set out by ECOPETROL, the SENDER is any case responsible for the reception of the Crude. In case the Crude is not received at the Point of Exit, the provisions established in the Manual of the Shipper shall be applied.
d) Enter into the contracts with other shippers or terminal operators required to ensure the delivery of crudes at the Point of Exit without affecting the operation of the Pipeline.
e) Make the Fee payment and all other items as they may apply in the terms and conditions established in the Contract hereof.
f) Execute the bond in favor of ECOPETROL.
g) Make the payment of the shipping tax under the conditions set out in this Contract and the law.
h) Execute all other obligations derived from the nature of the Contract.

CLAUSE ELEVENTH
RISKS AND RESPONSIBILITY

11.1 Each Party shall be responsible for any damage caused to the other Party as a result of failing to fulfill its obligations under the Contract hereof, in the terms set out in the clause hereof.

11.2 Responsibility of ECOPETROL:

a) In addition to the provisions in the Manual of the Shipper, ECOPETROL shall not be responsible for any faults in the Service, or the loses, damage or deterioration the Crude may suffer, if the fault in the Service, the loss, damage or deterioration of the Crude are due to (i) events of force majeure or acts of nature, (ii) Acts from third parties, (iii) vice inherent to the Crude, or (iv) fault attributable to the Sender (hereinafter, the “Excusable Events”).
b) ECOPETROL shall only be responsible for the faults in the Service or loses, damage or deterioration the Crude may suffer to the extent it does not demonstrate that (i) no Excusable Event has occurred, and also, (ii) ECOPETROL failed to adopt the reasonable measures any shipper would have taken according to the requirements of operation of a pipeline with similar characteristics to the Pipeline, to avoid the damage or its aggravation.
c) In all other events, different than those in connection with the provision of the Service, ECOPETROL shall be liable to the extent in incurs in gross negligence.
d) Save the event of gross negligence or willful misconduct, pursuant to the provisions in this numeral 11.2, the responsibility of ECOPETROL under the Contract hereof under no circumstance shall exceed seventy five per cent (75%) of the value of the Crude lost or damaged by causes attributable to ECOPETROL.

e) Save the event of gross negligence or willful misconduct, if any claims arise by the SENDER such as the loss of profit, this shall not exceed twenty five percent (25%) of the value that ECOPETROL is obliged to indemnify the SENDER under this numeral 11.2(d) of the Contract hereof.

11.3 Crude Assessment:

In order to determine the value of the Crude for liability purposes based on the previous numeral, ECOPETROL shall establish the following rules:

a) For those Pipelines using the mechanism of Volumetric Compensation for Quality and pursuant to the indications in the Manual of the Shipper, the value of the Crude shall be determined based on the result generated by the application of said mechanism defined for the Pipeline for the month in which the loss or damage of Crude occurs.

b) For intermediate Pipelines and/or ending in Sea Terminals and not using the mechanism of Volumetric Compensation for Quality, the assessment of the Crude shall be made taking the price of reference of export of Crude in the respective Sea Terminal, reported for the month in which the loss or damage of Crude occurs, based on the commercial balance of ECOPETROL for the export mix of which the Crude was part, discounting the applicable monthly fee for the Services, and including but not limited to, the handling services in plant, storage, terminal services, etc., up to the Point of Entrance of the Pipeline in which the loss or damage of the Crude has occurred.

11.4 Responsibility of the SENDER:

a) The SENDER shall be liable for any damage caused to ECOPETROL for the default of its obligations under the Contract hereof and shall be responsible for any damage derived from or as a consequence of the actions or omissions of the SENDER, its workers, subordinates, contractors and subcontractors, except in cases of (i) gross negligence or willful misconduct by ECOPETROL, or (ii) a force majeure or unforeseen circumstances.
b) The SENDER shall not be waved from its responsibility to pay the Fee agreed in this Contract, save the Service is not provided by causes exclusively attributable to ECOPETROL as indicated in numeral 11.2 b).

11.5 In those events in which the SENDER may be involved, the technical procedures defined for these occasions by ECOPETROL shall be followed:

11.6 Procedure under an Excusable Event: In the event of occurrence of an Excusable Event:

a) ECOPETROL shall notify the SENDER within twenty four hours (24) following the moment of occurrence, making the commitment to submit all details within the following five (5) business days.

b) ECOPETROL shall carry out all reasonable procedures as required to resume as soon as possible the performance of the obligations of the Contract. Likewise, it shall make efforts to minimize or mitigate any delay or additional costs that may be generated.

11.7 The fulfillment of all legal obligations corresponding to each of the Parties, among them and including, those in connection with its personnel, compliance with environmental standards, those related with the legality of intellectual property rights, tax provisions or any other similar obligation, shall be borne and will be the exclusive responsibility of the Party to whom said obligation corresponds and its failure to perform it shall only affect said Party.

11.8 The fact that any of the Parties fails to enforce to the other Party any of the stipulations hereof at any time, shall not be considered a waiver for the performance of said stipulation, unless the other Party notifies it in writing.
No waiver to allege a violation of this Contract shall be considered as a waiver to allege any other violation.

11.9 The Parties state to be aware of the public order and security conditions of the areas in which the purpose of the Contract shall be developed, and each Party assumes its own and exclusive responsibility for the risks derived from such conditions, and therefore, shall not take any claim or action against the other Party due to any damage or injuries suffered by said Party on its property, personnel, its agents, contractors or subcontractors (including its employees or subordinates) resulting from public order or security conditions.

11.10 Each Party shall be exclusively responsible for any damage caused to third parties as a result of its proved and exclusive fault. In particular, each Party shall be responsible for all loss or damage to the property of third parties or injury, illness or death of all third parties as a result of its acts or omission or those from its personnel.

CLAUSE TWELFTH
PENAL PECUNIARY CLAUSE

12.1 In case of failing to fulfill the obligations of the SENDER as a result of any actions or illegal omissions or deviations from the Contract, the SENDER agrees to pay ECOPETROL as a penalty, an amount equivalent to ten percent (10%) of the final value of the Contract.

12.2 Said sum shall be charged to the amount of damage suffered by ECOPETROL, and its value may be taken directly from the balance in favor of the SENDER if there is any, or else from the Bond. If this is not possible, the penal pecuniary clause shall be collected by means of execution for which the Contract shall be a writ of execution.

12.3 The application of the penal pecuniary clause does not include the indemnification for any damages borne by the SENDER if the amounts of these are higher, under the criteria of ECOPETROL, to the amount of the penal pecuniary clause agreed hereof, nor it releases the SENDER from its payment obligation of the totality of the value of the Contract pursuant to the conditions agreed.

CLAUSE THIRTEENTH
SUSPENSION DUE TO NON-PERFORMANCE OF THE SENDER

13.1 ECOPETROL shall be entitled to suspend the Service in case of any events that may represent a serious default on any of the obligations of the SENDER. For this purpose, a communication from ECOPETROL addressed to the SENDER shall be sufficient, notifying the serious default. ECOPETROL may, based on the seriousness and the effects of the default, grant the SENDER a reasonable term to fix the default (the "Grace Period"), which under no circumstance may be granted if the default is due to the non-payment of the Fee in the terms set out in the Contract hereof. If, upon expiration of the Grace Period the SENDER has not resolved the default, ECOPETROL may suspend the Service and the SENDER shall not be entitled to any indemnification under no circumstance. The reestablishment of the provision of Services shall be subject to previous approval in writing by ECOPETROL.

13.2 The suspension of the Contract is not a waiver or a release for the SENDER on its responsibility to pay the Fee and all other concepts that may be applicable under the Contract hereof.

CLAUSE FOURTEENTH
TERMINATION OF THE CONTRACT

14.1 The Contract hereof shall terminate upon expiration of the term of validity agreed.

14.2 The Parties agree that ECOPETROL may declare the termination in advance of the Contract at any time, without any indemnity in favor of the SENDER in the following events:

a) Serious default of the obligations of the SENDER without solving them within the Grace Period, when it may apply.
b) The dissolution of the SENDER as a legal person.
c) The unauthorized assignment of the Contract by the SENDER.
d) Due to changes in regulations making more costly the fulfillment of obligations undertaken by ECOPETROL.
e) As a consequence of any of the following causes: (i) fraud of the SENDER; or (ii) the SENDER incurs in acts or conducts that may endanger the operational and/or technical stability of the Pipelines.
f) The procedure to be followed by ECOPETROL to terminate the Contract is: notify in writing with at least thirty (30) calendar days in advance to the SENDER its intention to terminate the Contract, indicating the causes for such decision and the effective date of termination. Upon fulfillment of this procedure the SENDER shall not: (i) request any justifications or extensions to the motives explained by ECOPETROL, or (ii) request or demand any kind of compensation or damages derived from the decision to terminate the Contract.
g) The termination shall not release the Parties from its corresponding obligations and responsibilities attributable to periods before the date of termination of the Contract.

h) The termination in advance of this Contract shall not release the SENDER from the obligations that survive the termination of the Contract, especially that related with the payment of the Fee pending of payment and the payment of the penal clause. In the event of termination in advance of the Contract, the SENDER shall have a sixty (60) day term following the issuance of the corresponding invoice by ECOPETROL to pay the amount of any overdue fees.

14.3 It shall not be necessary any previous private or judicial requirement for purposes of enforcement of this clause.

CLAUSE FIFTEENTH
TAXES

15.1 All taxes, contributions, rates, surcharges and any other national, departmental, district or municipal taxes caused by the entering into, execution and liquidation of the Contract hereof, shall be borne by the Party that has to assume said payment pursuant to the law.

15.2 The collection and payment of the shipment tax shall be assumed by ECOPETROL before the Ministry of Mines and Energy, and therefore the SENDER shall pay the same to ECOPETROL pursuant to the provisions hereto.

CLAUSE SIXTEENTH
LIQUIDATION OF THE CONTRACT

16.1 Upon expiration of the Term of Validity, the Parties shall subscribe the minutes of termination of the execution.

16.2 The Parties shall make the liquidation of the Contract by mutual agreement within three (3) months following the expiration of the date of termination of the Contract.

16.3 In case the SENDER fails to appear to the liquidation, or if there is not an agreement of the same within the term previously mentioned, the SENDER expressly authorizes ECOPETROL to proceed with the liquidation in one (1) month term.

16.4 The following shall be expressly stated in the minutes of liquidation:

a) The statement regarding the performance of the obligation undertaken by each of the Parties (or from ECOPETROL if the liquidation is unilateral) derived from the execution of the Contract; and
b) Any agreements, settlements and transactions reached by the Parties to settle any differences that may have arisen and to obtain the good standing and release of any obligations.

16.5 Upon liquidation of the Contract, the SENDER shall pay ECOPETROL any Fees or any amount of money owed or resulting from the final liquidation of the same, after making any deduction that may be applicable.

CLAUSE SEVENTEENTH
AUTHORIZED REPRESENTATIVES FROM THE PARTIES

17.1 Each of the Parties shall notify to the other in writing, before the commencement of the execution of this Contract the name, position, addresses, institutional electronic mails and telephone numbers of the person(s) authorized to represent it. Likewise, any change of these representatives shall be notified in writing.

17.2 Any instruction or notification addressed to the representative designated in the manner previously established shall be considered as addressed to the respective Party.

CLAUSE EIGHTEENTH
AMENDMENTS

18.1 Any amendment, clarification or addition to the conditions stipulated in the Contract hereof, shall be in writing, in documents subscribed by the authorized representatives by the Parties.

CLAUSE NINETEENTH
ASSIGNMENT

19.1 The SENDER shall not assign totally or partially the Contract hereof, without the previous written consent by ECOPETROL.

19.2 The assignee shall assume all rights and obligations in the same terms established hereto.

19.3 The assignment may be authorized by ECOPETROL, when the SENDER sufficiently demonstrates to ECOPETROL that:

a) The assignee is a legal person duly organized and the duration of the same shall not be less that the term of the Contract and three (3) more years.
b) The assignee has an adequate financial capacity to meet the obligations derived from the Contract assigned.
c) The assignee has Crude of its own/production.
d) The assignee provides and adequate and acceptable Bond payment to ECOPETROL for the fulfillment of the obligations derived from the Contract.

19.4 ECOPETROL may assign the Contract without the authorization from the SENDER.

CLAUSE TWENTIETH
LICENSES, PERMITS AND AUTHORIZATIONS

20.1 The Parties are obliged to have or obtain all required licenses, permits and authorizations for the execution of the purpose of the Contract. Each Party shall be individually liable for all those risks, fines, sanctions or damage caused as a result of the absence of any license, permit or authorization that is obliged to obtain and therefore shall defend and hold the other Party harmless before any authorities, judges and third parties.

CLAUSE TWENTY-FIRST
EXCLUSION OF THE LABOR RELATION

21.1 The Parties do not assume any labor relationship with personnel that, by virtue of the Contract, are assigned to the other Party for the appropriate execution of the same. All future or present obligations resulting from the relations of the Parties with its personnel shall be exclusively borne by the Party involved, and therefore, each Party assumes full responsibility concerning compliance with labor regulations and social security and shall hold the other Party harmless against any claim in connection with any violation to the mentioned regulations.

CLAUSE TWENTY-SECOND
INDEMNITY

22.1 ECOPETROL is obliged to protect, indemnify and hold the SENDER harmless against any loss, cost or damage to be caused or derived from, or related with the breaching of the Contract by ECOPETROL, save the same are caused by Excusable Events.

22.2 The SENDER is obliged to protect, indemnify and hold ECOPETROL harmless and its parent, affiliates and subsidiaries, and the directors, employees, agents and representatives of ECOPETROL, and of its affiliates and subsidiaries against any loss, cost or damage to be caused or derived from or related with the execution of the Contract, except (i) by causes exclusively attributable to ECOPETROL or (ii) force majeure or unforeseen circumstances and acts of third parties.

CLAUSE TWENTY-THIRD
CONFIDENTIALITY

23.1 The Parties make the commitment to keep strict confidentiality and not to disclose to any person any information considered as confidential (the "Information"), which has been provided through the development of the Contract hereof, and through the development of the activities inherent to ECOPETROL and/or the SENDER.

23.2 Without prejudice of the foregoing, only in the following cases information may be disclosed:

a) When the disclosure of information is mandatory by law;
b) When the disclosure of information is ordered by a competent authority;
c) When the information in question is of public domain, without any action or omission from the Parties; or
d) When the entity providing the information authorizes it, in each case, previously and in writing;

23.3 For any information to be disclosed, that must be or wished to be disclosed as established in previous numerals, only the disclosure in question shall proceed after consulting, if the period granted by law or the authority ordaining the disclosure of the information allows it, with the Party that has provided the information.

23.4 Furthermore, it shall be understood that the Information may be disclosed to employees, advisors and officers of the Parties, as well as employees, advisors, officers, auditors and insurance companies of the shareholders of ECOPETROL or the SENDER (including parents, affiliates and subordinates).

23.5 In any case, the Parties shall ensure that persons to whom the Information is disclosed hold, in turn, said Information as confidential and refrain from disclosing it. The Parties shall be responsible for any disclosure of Information to any of its employees, advisors and officers. If the Parties become aware of any unauthorized disclosure of confidential Information, it shall be notified immediately to the other Party and jointly shall take all measures necessary and/or convenient to prevent other disclosures of Information in the future.

23.6 The SENDER shall solely use or permit the use of the Confidential Information disclosed under the execution of this Contract to perform it. The disclosure of Confidential Information under this Contract shall not grant any other right.

23.7 The SENDER shall be responsible for ensuring that all persons to whom the Confidential Information is revealed under the execution of this Contract maintain said Information as Confidential and without disclosing it to any unauthorized persons. The SENDER shall be liable for any damage caused to ECOPETROL in case of breaching the Contract hereto, or if through negligent actions or omissions, discloses or makes public any Confidential Information outside the terms set out herein in accordance with law.

23.8 ECOPETROL may request the return of the Information at any time after notifying in writing to the other Party. Within thirty (30) days following the reception of said notification, the SENDER shall return all original Information and destroy or make to be destroyed all copies and reproductions (in any manner, including but without being limited to electronic means) in its possession and in possession of persons to whom it was disclosed pursuant with the Contract hereof. In any case, upon expiration of the term of execution of the Contract, the SENDER shall return all original Information and destroy or make to be destroyed all copies and reproductions (in any manner, including but without being limited to electronic means) in its possession and in possession of persons to whom it was disclosed pursuant with the Contract hereof.

23.9 During the term of execution of the Contract, ECOPETROL is obliged to keep in reserve and not to disclose the information expressly identified and in writing by the SENDER that is protected by copyrights or industrial secret pursuant to the regulations in force, that is directly delivered by the SENDER as a result of the execution of the Contract, and makes the commitment not to deliver said information to any third parties, except as ordered by the judicial or administrative authorities or in events required by the legal provisions in force.

23.10 This confidentiality clause shall keep its validity, inclusively after the date of termination of the Contract hereto, until the date in which all obligations set out in this clause are fulfilled.

CLAUSE TWENTY-FOURTH
SOCIAL CORPORATE RESPONSIBILITY

24.1 The SENDER undertakes the commitment to:

a) Respect and obey the Good Governance Code and Policies of Integral Responsibility and Social Corporate Responsibility of ECOPETROL.

b) Make the best efforts to establish and maintain, as best as possible, good relations with the institutions (authorities) and communities settled in the region and in the area where the Contract shall be executed.

c) Report to ECOPETROL or whoever replaces it, any incidents or new actions that may affect its image and/or the image of ECOPETROL, within three (3) business days after the occurrence of said incidents, in order to have consensus in the handling of said incidents.

CLAUSE TWENTY-FIFTH
COMMITMENT WITH TRANSPARENCY

25.1 The SENDER undertakes the obligation to:

a) Maintain conducts and appropriate controls to ensure an ethical conduct and in accordance with regulations in force.
b) Refrain from making (directly or indirectly, or through employees, representatives, affiliates or contractors) payments, loans, gifts, gratifications, commissions, to employees, managers, administrators, contractors or suppliers of ECOPETROL, public officials, members of corporations of popular election or political parties, in order to induce such persons to conduct any action or make any decision or use their influence in order to contribute to obtain or retain businesses in connection with the Contract.
c) Refrain from originating records or inaccurate information, or publish information that affects the image of the other Party when based on assumptions that have not been demonstrated.
d) Avoid any situation which may generate a conflict of interest.
e) Communicate mutually and reciprocally any deviation from the line of conduct indicated in this clause.

25.2 The SENDER states to be aware of and accepts the Code of Ethics of ECOPETROL found in the following website: www.ecopetrol.com.co, and the provisions on conflict of interest existing in the by-laws of ECOPETROL found in the same website. In case ECOPETROL determines that the SENDER has incurred in conducts that violate the clause hereof, ECOPETROL may terminate the Contract.

CLAUSE TWENTY-SIXTH
INTEGRITY

26.1 The Contract hereof constitutes a sole and integral agreement regarding the purpose of the same and replaces any previous agreement that has not been written in this Contract.

26.2 The following documents are an integral part of the Contract:

ANNEX 1 MANUAL OF THE SHIPPER OF THE ECOPETROL S A PIPELINE

ANNEX 2 GUIDELINES FOR THE ADMINISTRATION OF RECEIVABLE SERVICES OF ECOPETROL

ANNEX 3 GENERAL CLAUSES OF ECOPETROL FOR PERFORMANCE POLICIES

ANNEX 4 STAND-BY LETTER OF CREDIT FORM

26.3 Likewise, all regulations and procedures that ECOPETROL has established for the development of the activities being the purpose hereto are an integral part of this Contract.

CLAUSE TWENTY-SEVENTH
LEGAL REGIME

27.1 The relation established in the Contract hereof is of commercial nature and therefore is governed by the regulations of Colombian private law.

CLAUSE TWENTY-EIGHTH
NOTIFICATIONS

28.1 All communications and invoices between the SENDER and ECOPETROL delivered as a result of this Contract shall require for its validity to be in writing, and depending on the will of the Party issuing it, they will have to be:

a) delivered personally; or
b) transmitted by facsimile, electronic mail or any other means through which it may be proved its delivery and reception (with proved reception and confirmation by mail).

28.2 All communications shall deemed as served and valid:

a) On the reception date if delivered personally, or
b) Twenty four (24) hours after the transmission date, if transmitted by facsimile, electronic mail or any other means through which its delivery and reception may be proved; provided however, confirmation is received within the following three (3) days; whatever occurs first.

28.3 Each Party may change the address for these purposes, with previous written communication to the other Party with fifteen (15) calendar days in before the expected date for such change.

28.4 All notifications and communications to be made to the Parties as a result of the execution of this Contract shall be delivered to the addresses indicated in the Specific Conditions.

CLAUSE TWENTY-NINTH
MISCELLANEOUS

29.1 Severability: the voidance, nullity or inefficacy of any provision of this Contract shall not affect the validity, efficacy and enforceability of all other provisions of the same. In these events the Parties are obliged to negotiate in good faith a clause resulting legally valid, and enforceable, whose purpose is the same of the provision or provisions having vices of nullity, invalidity or non-enforceability, as the case may be.

29.2 Administration and Inspection: ECOPETROL shall designate an administrator and inspector of the Contract, whose functions shall be established in the Manual of Administration and Inspection of ECOPETROL.

29.3 Survival: The termination of this Contract shall not relieve the Parties from any obligation towards the other Party pursuant to this Contract, or any other loss, cost, damage, expense or responsibility which may occur under this Contract before or as a result of said termination.

CLAUSE THIRTEENTH
PERFECTION AND EXECUTION

30.1 The Contract hereof is perfected with the subscription of the same. For its execution the approval of the bond assumed by the SENDER is required.

ANNEX 1

MANUAL FOR THE TRANSPORTER OF PIPELINES ECOPETROL S A

MANUAL FOR THE TRANSPORTER OF PIPELINES ECOPETROL S A

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CLAUSE 1. PURPOSE

1.1 The Pipeline is for private use considering its nature and in accordance to the provisions in the Colombian Code of Crude Oils.

1.2 The purpose of this Manual of the Transporter of the Pipeline (hereinafter the "Transporter's Manual) is to establish the general conditions for the Transportation of Hydrocarbons of the Owners through the Pipeline.

1.3 Likewise, conditions for the access of Third Parties to the Pipeline are established in those events in which there is Available Capacity in the Pipeline.

CLAUSE 2 DEFINITIONS

2.1 All terms listed hereunder shall have the meaning assigned in this Manual without any difference when the term is used either in singular or plural, upper or lower case letters.

2.1.1. Transportation Agreement or Transportation Contract: means the agreement between the Transporter and a Sender whose purpose is the Transportation of Crude Oil through the Pipeline.

2.1.2. Operating agent or agent: means any natural or legal person, public or private person involved the technical and/or commercial relations for the provision of Transportation services of Crude Oil through Pipelines.

2.1.3. Water and sediment: means any material coexisting with Crude Oil without being part of the same.

2.1.4. Fiscal Year: means the period of time starting at 00:01 hours of January 1st of a year and ending at 24:00 hours of 31 December of the same year. Always being referred to Colombian time

2.1.5. API: means the American Petroleum Institute.

Also it will have the meaning corresponding to the measuring unit for density (API 141.5/GE-131.5; where GE is defined as specific gravity), known internationally as one of the sale properties of Hydrocarbons depending on the context used.

2.1.6. ASTM: American Society for Testing Materials.

2.1.7. Provisional Notice: means the notification that the Transporter will deliver to the Sender regarding any damage or additional costs incurred, or about its intention to withdraw and use the Sender's Crude to pay monies in favor of the Transporter or the owner, borne by the Sender and/or to avoid any Operational affectations in the Pipeline.

2.1.8. Balance for the Sender: means the volumetric balance for each of the Senders using the Pipeline.

2.1.9. Volumetric Balance: means the balance of Operations conducted by the Transporter at the end of each month of Operation, in order to establish the amounts of Crude handled in the Pipeline and to make the determination and distribution of Crude losses.

2.1.10. Barrel: means a volume equal to 42 United States of America gallons. Each gallon is equal to three liters and seven thousand eight hundred and fifty three ten thousands of liters (3.7853).

2.1.11. Standard Barrel: means the volume of Hydrocarbons including dissolved water, suspended water and suspended sediment but excluding free water and bottom sediments, calculated at standard conditions (60F and 14.7 lbf/in, or 15C and 1.01325 bares).

2.1.13. Net Standard Barrel: means the volume of Hydrocarbon excluding total water and total sediment, calculated at standard conditions (60F and 14.7 lbf/in, or 15C and 1.01325 bars).

2.1.14 Barrels per Calendar Day (bpdc): means the measuring unit of flow volume referring to the average value of a specific period.

2.1.15 Barrels per Operational Day (bpdo): means the measuring unit of flow volume referring to the average value of days effectively operated.

2.1.16 Bulletin of Transportation by Pipeline: means the website in which the Transporter makes available to agents and all other interested parties, the information indicated in resolutions No 18-1258 and 12-4386 of 2010, issued by the Ministry of Mines and Energy, which regulates Transportation through Pipelines and the methodology to set out the rates, as amended or superseded.

2.1.17 Quality of a Hydrocarbon: means a set of characteristics contained in a volume of Hydrocarbon. These characteristics are referred, among others, to viscosity, API gravity, specific gravity, percentage in weight of sulfur, Point of fluidity, acidity, steam pressure, percentage in volume of water, percentage in weight of sediments and salt content.

2.1.18 Contracted Capacity: means the Capacity of the Pipeline committed through Transportation Contracts.

2.1.19 Designed Capacity or Transportation Capacity: means the Transportation Capacity for Crude Oil established for the Pipeline, based on the Crude properties and specifications of the equipment and tubing for the calculation and design of the Pipeline. If the design of the Pipeline is modified to increase said Capacity, then this will be the new design Capacity.

2.1.20 Owners Capacity: means the Transportation Capacity of the Pipeline necessary in a period of time for the Transportation Crude Oil owned by its owners, its parent companies or subsidiaries.

2.1.21 Available Capacity: means, for a specific period of time, the difference between the effective Capacity and the sum of: i) the owner's Capacity, ii) the Contracted Capacity and iii) the preferred rights, which shall be available for the Transportation of Third Party's Crude under the conditions set out in the Manual hereof.

2.1.22 Effective Capacity or Transportation Effective Capacity: means the maximum average Capacity of Transportation, which may be used for Crude Transportation in a specific period of time. This is calculated as the product of the nominal Capacity by the service factor.

2.1.23 Nominated Capacity: this means the Crude volume that, according to a letter from the Sender or Third-Party delivered to the Transporter in the respective month of nomination, and in accordance with the procedures established in this Manual, they require it to be transported through the Pipeline.

2.1.24 Nominal Capacity: means the maximum Transportation Capacity between a pumping station and a Pipeline terminal, or between two pumping stations, calculated considering the installed equipment in the system and the expected quality of Crude for a specific period of time. It is expressed in BOPD for a Hydrocarbon of standard barrel characteristics in terms of viscosity in cstks at 30 C and API at 60 F according to the design Capacity of the Pipeline.

2.1.25 Programmed Capacity: this means the portion of the effective Capacity of Transportation of the Pipeline assigned to each Sender or Third Party requesting the Transportation service in accordance with the provisions in this Manual.

2.1.26 Volumetric Compensation for Quality or CVC: this means the procedure by which Senders are compensated for the gain or loss in the discounts of Crude as determined by the difference between the Crude delivered by the Sender at the Point of Entrance compared to the Crude withdrawn at the Point of Exit.

2.1.27 Monetary Conditions: means the tables or formulas to calculate any extra charge and bonuses for Crude quality and commercial discounts applied on the Rate for the Line.

2.1.28 Connection: this means the installation that allows delivery of Crude to the Pipeline and/or withdrawal of Crude from the Pipeline.

2.1.29 Ship or Pay Transportation Contract: this means the agreement between the Transporter and a Sender that regulates the provision of the Transportation service of Hydrocarbons for a specific Contracted Capacity in firm, understanding that the Sender has a permanent right for the Transportation of a specific volume of Hydrocarbons, and that the Payment of the rate is agreed in firm, regardless of the volume effectively transported or even if no volume is transported.

2.1.30 Spot Transportation Contract: this means the agreement between the Transporter and a Sender that regulates the provision of the Transportation service of Hydrocarbons for a specific Contracted Capacity in a month of Operations, subject to the available Capacity of the Pipeline in the process of nomination.

2.1.31 Coordination of Operations: means the set of activities conducted by the Transporter to control the development of the Transportation program and procure its fulfillment.

2.1.32 Crude Oil or Hydrocarbon: means the natural mix of Hydrocarbons in accordance with the definition through the article 1 of the Petroleum Code, which exists in underground deposits and remains liquid at atmospheric pressure after going through the separation facilities on surface, as well as the products necessary to make viable its Transportation such as diluents.

2.1.33 Crude for Transportation: means the inspected Crude Oil delivered to the Pipeline for Crude Transportation. This category includes inspected Crude Oils both segregated or separated from others as well as those mixed between them, when they may be mixed, in both cases, with any other substance for Transportation purposes.

2.1.34 Inspected Crude: means the Crude Oil treated, dehydrated, degasified, drained, settled, stabilized and measured at the inspection facilities.

2.1.35 Mixed Crude or Mix: means the combination of different Crude before and/or after delivered to the Pipeline to be transported.

2.1.36 Segregated Crude: means Crude Oil that by agreement between the Transporter and a Sender is decided to be transported through the Pipeline without being mixed with other Crude.

2.1.37 Preferred Right: means the power that the National Government has through the National Agency of Hydrocarbons (ANH) or whoever replaces it, on the Design Capacity of the Pipeline for the Transportation of royalty Crude. This preference is limited to Crude Oil coming from royalties corresponding to production served through the Pipeline. The preferred right shall be up to 20% of the design Capacity.

2.1.38 Day: means the period of twenty four (24) hours starting at 00:01 of one day and ends at 24:00 of the same day, always referring to Colombian time.

2.1.39 Diluent: means the natural or refined product mixed with heavy Oil to facilitate Transportation through the Pipeline.

2.1.40 Delivery: means the action by which the custody of the volume of the Sender's Crude is transferred to the Transporter to be shaped through the Pipeline.

2.1.41 Reasonable Effort: means the effort that a prudent person makes in handling his own business while protecting his interests.

2.1.42 Initial Pumping Station: means the initial station of the Pipeline.

2.1.43 Final Station: means the final Station on the Pipeline.

2.1.44 Justified Event: means any event or circumstance beyond the Transporter's control such as, including but not limited to, strange cause, force majeure, acts of nature, acts of a Third-Party or the victim, labor disputes or actions of any kind arising from organized labor, outside war (whether or not declared), civil war, sabotage, revolution, insurrection, riots, civil unrest, terrorism, illegal actions from Third parties, epidemics, cyclones, tsunamis, landslides, lightning, earthquakes, floods, rainstorms, fire, adverse atmospheric conditions, expropriation, nationalization, laws, regulations or orders for any competent authority, distortions, damage or accidents in machinery, equipment, Pipelines, power transmission lines or other facilities, attachments, impossibility or delays in obtaining equipment or materials, inherent vices of crude oil, among others.

2.1.45 Service Factor: means that percentage effectively uses of the nominal Capacity due to temporary operating and maintenance restrictions of the Pipeline and its complementary facilities, calculated for a specific period of time in which the effects of unavailability of mechanical equipment, maintenance programs of the line and the number of days of the period considered must be taken into account.

2.1.46 Line Fill or Pipeline Fill: means the volume of Crude necessary to fill in the lines of the Pipeline between the initial pumping station under final station, the bottom of the storage tanks that cannot be pumped o that serve the Pipeline, and all installations, lines, pumping and measuring equipment.

2.1.47 Calendar Month: means the period of time starting at 00:01 hours of the first day of the Gregorian month and ends at 24:00 hours of the last day of the same Gregorian month.

2.1.48 Nomination Month: means the calendar month immediately before a month of Operations.

2.1.49 Operation Month: means the calendar month during which the Transporter executes the Transportation program.

2.1.50 Entrance Node: means the set of facilities located in a determined geographical area where the Sender delivers the Crude and in which a distance is started.

2.1.51 Exit Node: means the set of facilities located in a determined geographical area where the Sender withdraws the Crude and in which a distance ends.

2.1.52 Nomination: means that transportation service request formalized by each Sender or Third-Party for the month of Operation, specifying the required Transportation volume, the Point of Entrance, the Point of Exit and the quality of Crude and the characteristics of Crude required to be transported.

2.1.53 Pipeline: means all the necessary physical facilities for the Transportation of Crude Oil from the nodes of Entrance to the nodes of Exit including, among others, pipes, pumping units, measuring units, control systems and tanks used for the Operation of the Pipeline.

2.1.54 Operator: means the Transporter or the natural or legal person that performs the Operation tasks of the Pipeline.

2.1.55 Party: means the Transporter and/or Sender, or there assignees as the case may be.

2.1.56 Identifiable Losses: means the losses of Crude that may be located in a specific Point of the Pipeline and attributable to specific events such as breakages, spills, attacks, theft, force majeure or acts for nature.

2.1.57 Non-identifiable Losses: means the normal losses inherent to the Operation of Transportation in the Pipeline corresponding, among others, to what volumetric contractions as a result of the mix, leakages in the equipment, drainages, evaporation and other reasons originated in the handling of the Pipeline.

2.1.58 Transportation Plan: means the projection of the volumes to be transported through the Pipeline and the available Capacity in the medium and long term.

2.1.59 Transportation Program or Program: means program of Operations of the Pipeline for a month of Operations prepared by the Transporter, days on the cycle of nomination of Transportation. It specifies the use of the effective Capacity, the volumes of Crude entering at the Points of Entrance and volumes of Crude coming out from the Pipeline at the Points of Exit.

2.1.60 Owner: means Capacity S.A. as an exporter company and/or refiner of Crude Oil and its parent and/or branches, holders of the goods and Pipeline's facilities.

2.1.61 Point of Entrance: means the exact Point of the Pipeline, in which the Transporter assumes custody of the Crude delivered by the Sender at the node of Entrance. This must be specified in the Transportation agreement.

2.1.62 Point of Fluidity: means the temperature at which a Crude Oil ceases to flow.

2.1.63 Point of Exit: means the exact of the Pipeline in which the Sender takes the Crude Oil delivered by the Transporter that the node of Exit and the ceases custody of the Crude by the Transporter. This must be specified in the Transportation contract.

2.1.64 Sender: means the natural or legal person to whom the Transporter provides Transportation service of Hydrocarbons through the Pipeline. It shall be understood that the Sender acts as the owner of the Crude to be transported unless specified otherwise. Among the Senders are the ANH and the owner. Any Third parties and the ANH acquire the Capacity of Senders when enter into a Transportation contract with the Transporter.

2.1.65 Withdrawal: means the act by which he Transporter returns to the Sender or whoever is designated, at the Point of Exit, a volume of Hydrocarbons ceasing its custody.

2.1.66 Withdrawal by Defect: means the volume of Crude that is Sender is not withdrawn according to the Transportation program.

2.1.67 Withdrawal by Excess: means the volume of Crude that has been withdrawn from a Sender above the limits in the Transportation program.

2.1.68 Transportation Rate or Rate: means the monetary value per barrel charged by the Transporter to the Senders for the Transportation service. Surcharges, bonuses and discounts shall be applied to this rate as specified in the monetary conditions.

2.1.69 Third Party: means the person that has the ownership title or holding of the Crude Oil and requires from the Transporter the provision of the Transportation service through the Pipeline, conditioned to the existence of available Capacity.

2.1.70 Transporter: means Capacity S A owner of the Pipeline, or the person appointed as a representative or assignee, whose activity is the provision of the Transportation service.

2.1.71 Distance: means the portion of the Pipeline from a node of Entrance and a node of Exit, which must have a rate.

2.1.72 Volume to Transport: means the Gross Standard Barrels delivered by the Sender to the Transporter at the Point of Entrance.

CLAUSE 3 GENERAL DESCRIPTION OF THE PIPELINE

The descriptions of the systems to which this Transporter Manual applies are published in Annex 3, description of the systems.

CLAUSE 4 OBLIGATIONS OF THE PARTIES

4.1 Obligations of the Senders: The following are obligations of the Sender:

4.1.1 Enter into Transportation Contracts with the Transporter.

4.1.2 Report to the Office of Hydrocarbons of the Ministry of Mines and Energy by communication delivered within ten (10) days following the contracting of the service its Transportation through the Pipeline and the Distance to be used, the origin (regions, municipalities and fields) of the Crude Oil to be transported and the term of the Transportation contract.

4.1.3 Provide the Transporter in on a timely basis and in accordance with the time schedule set out for said purpose, the necessary information for preparation of the Transportation Plan.

4.1.4 Timely present the nomination to the Transporter pursuant to the conditions, specifications, and based on the procedure set out in this Manual.

4.1.5 Comply with and implement the commercial, Operational and administrative procedures of the Manual hereof.

4.1.6 Comply with the Transportation program defined for the month of Operation for the delivery of Crude to the Pipeline at the Point of Entrance and implement whatever may be necessary for its reception at the Point of Exit in accordance with the procedures defined in this Manual.

4.1.7 Deliver and withdraw the Crude Oil within the limits of quality, volume, opportunity and all other conditions set out in this Manual.

4.1.8 Accountable for the consequences derived for its failure to comply with the obligations agreed in the Transportation contract.

4.1.9 Refrain from conducting restrictive commercial practices or those considered as unfair competition as set forth in laws 155 of 1959, 256 of 1996, Decree 2153 of 1992, Law 1340 of 2009 and all other regulations as amended and superseded.

4.1.10 Comply with the regulations set out by the competent authority on environmental protection and preservation.

4.1.11 Comply with the regulations and procedures set out in this Manual for the connection of the Pipeline, as it may be applicable under the Transporter's judgment.

4.1.12 Pay the rates established for the distances being the purpose of the Transportation service.

4.1.13 Pay to the Transporter, acting as a collector, the Transportation tax established by the legislation for Crude Oil Transportation through Pipelines.

4.1.14 Provide the information as required by the Office of Hydrocarbons of the Ministry of Mines and Energy in order to exercise adequate control of the activity.

4.1.15 Refrain from conducting any actions that may affect the normal Operation of the Pipeline and may cause damage to the Transporter or other Senders.

4.1.16 Contribute and maintain in the Pipeline the quantity of Crude Oil as may be necessary to fill in the line according to the instructions provided by the Transporter.

4.1.17 Indemnify the Transporter and the owner for any damage which may be caused by, or as a consequence of failing to fulfill its obligations.

4.1.18 all those derived from the Transportation contract of this Manual and any applicable regulations.

4.2 **Obligations of the Transporter:** The following are obligations of the Transporter:

4.2.1 Maintain the Pipeline in adequate operating conditions.

4.2.2 Allow access to the Pipeline of any Third parties requesting it in those cases in which there is available Capacity, provided they fulfill the requirements established in this Manual.

4.2.3 Enter into Transportation Contracts with Senders and Third parties which comply with the requirements of this Manual.

4.2.4 Prepare, publish and keep the BTO updated.

4.2.5 Submit the Manual to the Office of Hydrocarbons of the Ministry of Mines and Energy, keep it updated and publish it in the BTO.

4.2.6 Report to the Office of Hydrocarbons of the Ministry of Mines and Energy, the Transportation Contracts subscribed with the Senders within ten (10) days after its execution.

4.2.7 Pursuant to Article 47 of the Petroleum Code of Colombia give notice to the Office of Hydrocarbons of the Ministry of Mines and Energy on the Transportation requests made by Third parties to use the available Capacity within (30) days following reception of the applications, indicating the Contracting Party or applicant, the distance and the volumes to be transported.

4.2.8 Conduct its Transportation activity separately from other activities and giving an objective treatment to all agents in connection with the Pipeline.

4.2.9 Refrain from conducting restrictive commercial practices or those considered as unfair competition as set forth in laws 155 of 1959, 256 of 1996, Decree 2153 of 1992, Law 1340 of 2009 and all other regulations as amended and superseded.

4.2.10 Provide suitable facilities to receive the Crude Oil according to their specifications set out in this Manual, control volumes and the quality of the same and carry out the Transportation according to the industry's specifications.

4.2.11 Attend the Transportation requirements from Third parties and Senders, and implement the nomination process under the terms set out in this Manual and the applicable regulations.

4.2.12 Provide the Senders the information on volumes at the Point of Entrance, volume withdrawn at the Point of Exit and the inventory of Crude in the Pipeline.

4.2.13 Establish control and inspection mechanisms to maintain the integrity of the Pipeline, and based on this, schedule maintenance and required repairs.

4.2.14 Calibrate the measurement and quality control instruments of Crude Oil, according to the procedures and timing required by the producers, the technical regulations and provisions established for this purpose in this Manual, inviting the Senders or their representatives to provide support if considered necessary.

4.2.15 Charge the corresponding rates for Transportation services.

4.2.16 collect and Pay the Transportation tax pursuant to article 26 of Law 141 of 1994 or any other regulations as amended or superseded.

4.2.17 Publish the Transportation rates in the BTO.

4.2.18 Comply with all regulations set out for the protection and preservation of the environment foreseeing all procedures for closing and abandonment of the Pipeline.

4.2.19 Submit to the Office of Hydrocarbons of the Ministry of Mines and Energy before March 1 of each year, the special annual report referred to in article 204 of the Petroleum Code or any other regulations as amended or superseded.

4.2.20 Use the available Capacity if there is any, for the Transportation of Third Party's Crude, upon request, and with the previous subscription of the respective Transportation contract.

4.2.21 Maintain rules and procedures to attend expansion requests, when the available Capacity is not sufficient to cope with the Transportation requests of Crude from Third parties

4.2.22 allow preferred Transportation of Crude Oil to refineries in order to satisfy the country's needs and avoid a national shortage pursuant to article 58 of the petroleum code.

4.2.23 Permit that, in the event there is available Capacity, the Sender or Third Party conduct additional investments as required, to provide access and Capacity to use that means of Transportation pursuant to the regulations on access and investments indicated in this Manual and other applicable regulations.

4.2.24 Submit to the Office of Hydrocarbons of the Ministry of Mines and Energy the information on cost, rates on volumes and all other information as required.

4.2.25 All those derived from the Transportation contract of this Manual and other applicable regulations.

CLAUSE 5 FEES

5.1 The Pipeline fee shall correspond to the rate established according to the methodology to set out rates pursuant to resolution 124386 of 2010 from the Ministry of Mines and Energy as amended or superseded.

5.2 Without prejudice of the foregoing, the Transporter may agree with the Senders the monetary conditions for the Pipeline fee considering the commercial and technical items listed hereunder, including but without being limited to:

5.2.1 Commercial Conditions

5.2.2 Contracted Capacity

5.2.3 Contracted Term

5.2.4 Contracted Type

5.2.5 Payment Terms

5.2.6 Crude Oil Quality

5.2.7 About Utilization

5.3 The corresponding Party shall assume any taxes as indicated by law. The Transportation Tax is the responsibility of the Sender and is not included in the fee.

CLAUSE 6 SPECIAL SERVICES

6.1 Increases in the Transportation Capacity.

6.1.1 In the event in which the Pipeline falls short in the effective Capacity of Transportation for the Shipment of Hydrocarbons of any of the Senders and if there is the technical possibility to increase it through the use of any friction reduction agents or other Operational adjustments, the Transporter may technically assess and approve this option, in which case the Sender may use this alternative under the agreements and commercial conditions established by the parties. The Sender understands and accepts that any costs resulting from the implementation of this alternative are additional to the rate agreed, shall be borne by the Sender and shall not be considered as an additional rate for the Transportation service.

6.2 Transportation of Segregated Hydrocarbon

6.2.1In the event in which any Sender requires to transport Hydrocarbons in a segregated manner, the Transporter may agree with this option if it is technically and commercially viable, in which case the Sender may use that alternative under the agreements and technical and commercial conditions established with the Transporter. The Sender understands and accepts that any costs and damage resulting from the implementation of this alternative are additional to the rate agreed, shall be assumed by the Sender and under no circumstance constitute an additional rate for the Transportation service.

CLAUSE 7 ADJUSTMENT OF THE EFFECTIVE CAPACITY OF THE SYSTEM DUE TO VARIATIONS IN THE SPECIFICATIONS OF HYDROCARBONS

7.1 The effective Transportation Capacity may vary as a function of the Hydrocarbon specifications pumped in the Pipeline. The specifications of the Hydrocarbon delivered by the Senders may vary from this standard, obtaining as a result a variation in the effective Transportation Capacity in the Pipeline.

7.2 In case there is an increase in the effective Transportation Capacity by using a Hydrocarbon of different specifications to those agreed in the Transportation contract, this Capacity in excess shall be assigned according to the order of priorities established in this Manual.

7.3 If a Sender with a Ship or Pay contract nominates a Hydrocarbon of lower specifications to those agreed in the Transportation contract and this generates a decrease in the Transportation effective Capacity, the Transporter may accept the delivery of the Hydrocarbon, in which case the Sender understands and accepts that it will transport a lower equivalent quantity dude to the change in the specification and the economic conditions of the Ship or Pay contract shall not be modified.

7.4 The Transporter shall be in charge of defining the increases or decreases of Capacity generated by a variation in the specifications of the Hydrocarbon. This process shall be conducted once a month as part of the nomination process.

CLAUSE 8 PROJECTIONS, NOMINATION AND TRANSPORTATION SCHEDULE OF THE PIPELINE

8.1 Projections.

8.1.1 In the month of October of each year, the Transporter shall prepare the Transportation plan for the following five (5) fiscal years, expressed in barrels per calendar day (bpdc *in Spanish*). For the first year volumes per month shall be provided and for subsequent years there will be volumes per year. As a result of the preparation of this Transportation plan, the estimation of the available Capacity the Transportation of Third Party's Crude shall be available in compliance with the provisions in article 47 of the petroleum code as amended or superseded. These information and Transportation Capacity shall be available for consultation in the BTO.

8.1.2 The procedure to be followed shall be as follows:

8.1.2.1 The first day of each September or before, all Senders shall submit to the Transporter the information on the projections of the volumes to be nominated for the five subsequent fiscal years and for the following fiscal year this information shall be specified monthly. Such information shall include the following:

8.1.2.1.1 The best estimate of the Sender, the volume to be transported in bpdc, assuming uniform flow rates expressed separately for each Hydrocarbon to be delivered;

8.1.2.1.2 The quality characteristics of each Hydrocarbon;

8.1.2.1.3 The Points of Entrance, expressed separately for each Hydrocarbon, with the delivery program for each of them; and

8.1.2.1.4 The Points of Exit, expressed separately for each Hydrocarbon, with the withdrawal program for each of them.

8.1.2.2 Within the first 15 days of the Third calendar month of each quarter, the Sender shall deliver to the Transporter the update of the volume projections to be nominated in average per day for the remaining calendar months of the current fiscal year and the average per day for the following two fiscal years.

8.2 Nomination Scheme and Transportation Schedules

8.2.1 Nominations are accepted and scheduled independently from the incoming restrictions to other systems, upon which there is no responsibility from the Transporter to make these schedules or to contract Transportation quotas in other Transportation systems.

8.2.2 The following process is established in order to comply with and enforce Transportation schedules:

8.3 Nomination of the ANH, Owners and Senders with Ship or Pay Contract.

8.3.1 At the latest on the Third calendar day of the month of nomination, the ANH or whoever is designated shall carry out the nomination of the royalties of Crude Oil coming from the fields served by the Pipeline. In this same term, the owners shall nominate the Crude Oils possessed and all other Senders with Ship or Pay contract shall carry out the nomination of their Transportation requirements for the following month of Operation. Additionally, the Senders previously mentioned shall deliver their tentative Transportation needs for the following five calendar months. The Sender shall specify: name of the Hydrocarbon, the requested volume to be transported, quality, regime of deliveries during the month of Operation, Point of Entrance and Point of Exit, as well as any other specific information as required or requested by the Transporter.

8.3.2 If the nomination of royalties is higher than the preferred right, the nomination shall be adjusted to that value. Royalty Crude Oils are considered those directly nominated by the ANH in its Capacity as Sender or whoever is designated, except when these are sold to another Sender or to a Third Party. If the owners buy Crude from royalties, the Transporter shall account for them within the preferred right without affecting the Capacity of the owner.

8.4 Acceptance and rejection of Nominations and disclosure of Available Capacity.

8.4.1At the latest on the seventh calendar day of the month of nomination, the Transporter shall communicate to the ANH, the owners and all other Senders with Ship or Pay Contracts its acceptance or rejection of the nominations and the final volume accepted, taking into account the priorities, the overutilization and the generation of additional Capacity due to change in specifications of the Hydrocarbon. Senders with Ship or Pay contract shall be assigned volumes to be transported up to the volume of their Contracted Capacity. Based on the accepted nominations, the Transporter shall calculate the available Capacity, which shall be published in the BTO as previous requirement to any additiona nominations of Senders and of Third parties having any interest and contracting the Transportation service.

8.5 Additional Nominations of Senders and nominations from Third Parties

8.5.1At the latest on the ninth calendar day of the month of nomination, any Third Party may carry out the nominations of their Transportation requirements under the modality of Spot Contracts for the month of Operation. All Senders may nominate additional volumes at this stage. Additionally, all Third parties and Senders with additional nominations to their Contracted Capacity shall deliver the tentative Transportation needs for the following five (5) calendar months. Third parties and Senders shall specify: name of the Hydrocarbon, request for the volume to be transported, delivery schedules during the month of Operation, Point of Entrance and Point of Exit, as well as any other information as required by the Transporter.

8.5.2 if nominations exceed the available Capacity of the Pipeline, the assignment of the volumes to be transported shall be at a prorate of the requests received and up to the available Capacity.

8.6 Closing the Nomination Process

8.6.1At the latest on the twelfth calendar day of the month of nomination the Transporter shall conduct the closing of the nomination process and shall publish the nominations approved for all Senders and Third parties as well as the Programmed Capacity of the Pipeline. Likewise, it will carry out the publication of any available Capacity if such is the case.

8.7 Final Scheduled of Transportation

8.7.1 The Transporter shall prepare the final scheduled Transportation for the month of Operation and an estimate for the following five (5) calendar months and shall submit it to the Senders and Third parties with assigned Capacity at the latest on the twelfth calendar day of each month of nomination.

8.7.2 This schedule may be modified by the Transporter, among other reasons:

8.7.2.1 Due to justified events that affect the Transportation Capacity

8.7.2.2 By request of the Transporter, accepted by the Senders or by request of a Sender accepted by the other Senders and the Transporter.

8.7.2.3 Derived from any other circumstances beyond the control of the Transporter.

8.7.3 Priority criteria for assignment of capacities en case of the aforementioned modifications shall be those established in clause 10 of this Manual.

8.7.4 The Sender shall notify the Transporter as soon as possible, if it is found that: (i) its deliveries during a month of Operation at a Point of Entrance will be less than 95% of the Scheduled Capacity or (ii) its withdrawals at any Point of Exit shall be less than 95% of the Scheduled Capacity. With the reception of the information, the Transporter shall analyze the impact of the acquired commitments for Transportation and will make decisions at its Sole discretion to mitigate the impact.

8.8 Extemporary Nominations

8.8.1 If any Third Party or the Sender fails to meet the terms set out to nominate in accordance with the procedures contained herein, the Transporter shall not be obliged to accept such nominations. The Transporter shall only accept extemporary nominations as long as the Pipeline has available Capacity. If the nomination is accepted, the Third Party or Sender shall Pay to the Transporter as a penalty, two (2%) of the applicable rate to the volumes in barrels delivered in the Pipeline in the respective month.

8.9 Final Report of Operation

8.9.1 At the end of each month of Operation, the Transporter shall prepare a report which shall be delivered to the Senders at the latest on the tenth (10) working day of the following calendar month of the month of Operation indicating the volumes in Gross Standard Barrels and Net Standard Barrels delivered and withdrawn and the average qualities at each Point of Entrance and Point of Exit.

CLAUSE 9 BALANCE IN EXCESS OR DEFECT

9.1 The following procedure for the balance of each Sender is established as follows:

9.1.1 Each Sender shall schedule its withdrawals according to its delivery schedules.

9.1.2 In case that a Sender fails to fulfill or is not meeting its delivery schedule during the month of Operation, the Transporter may adjust the withdrawal schedule of the Sender in question, to comply at all times with numeral 9.1.1 of this clause. In any case, if the Sender fails to meet its delivery or withdrawal schedule, the Sender shall Pay the Transporter the full amount of costs associated to such breaching, including but without being limited to those referred to storage or disposal of the Hydrocarbon, which shall be reported through a provisional notice.

9.1.3 In case of withdrawals in excess and in defect it is establish that if a Sender withdraws in excess or fails to withdraw its Hydrocarbon at the Points of Exit, pursuant to the current schedule, the Transporter may at its Sole judgment start the following procedure:

9.1.3.1 The Transporter shall offer the withdrawal in defect or a portion of it to other Senders in proportion to the assignment of Capacity in the nomination process in the month of Operation. Each Sender to whom this volume has been offered shall be respond to this offer in the following forty eight (48) hours.

9.1.3.2 As a result of the responses received, according to the offer of numeral

9.1.3.1, the Transporter may make new offerings or assign the withdrawal in defect.

9.1.3.3 Based on the implementation of the procedure, the Senders who will withdraw the volumes in defect shall be determined.

9.1.3.4 The balance of the withdrawals in excess shall be reflected in the volumetric compensation by quality.

9.1.3.5 In no case the Transporter shall be responsible for the Hydrocarbon that a Sender has not withdrawn and as a result of that, the Pipeline had to be evacuated. The Sender that has not withdrawn shall have the exclusive responsibility for all damages and costs caused in the procedures for evacuation that the Transporter has to implement, which shall be informed through provisional notices.

9.1.4 The Transporter shall prepare a monthly balance showing for each Sender, the situation of deliveries and withdrawals in excess or withdrawals in defect. This balance shall be the result of the process of volumetric compensation for quality (CVC)

CLAUSE 10 PRIORITIES IN THE NOMINATION PROCESS

10.1 For purposes of the nomination process the priorities indicated in this clause shall be followed. In the event in which the sum of the volumes requested by the Senders exceeds the effective Transportation Capacity, o when due to the events mentioned in numeral 8.7.2 the effective Transportation Capacity is reduced below the sum of the volumes assigned to the Senders, the Transporter shall calculate the volumes assigned in the Transportation schedule to each Sender according to the following priorities:

10.1.1 First: Crude of royalties of the State coming from the fields served by the Pipeline. This priority makes reference to a preferred right that Crude Oils from royalties shall have in the nomination process for the preparation of the Transportation schedules. For purposes of this first priority, Crude Oil sold by the State to a Third Party or Sender non-owner, shall not be considered as Crude of royalties of the State.

10.1.2 Second: Nominations of the owners, its parent and subsidiaries.

10.1.3 Third: Nominations of Senders non-owners with Ship or Pay Transportation Contracts.

10.1.4 Fourth: Nominations of Third Parties.

10.2 For Transportation Contracts different than Ship or Pay Contracts in force prior to the enforcement of this Manual, a transitory priority between Third and fourth priority shall be applied.

10.3 Within the Third and fourth priority, the assignment of volumes or the reduction of volumes assigned shall be made at prorate of the capacities of each Sender and the nomination of each Third Party respectively.

CLAUSE 11 REJECTION OF A TRANSPORTATION REQUEST

11.1 The Transporter reserves the right to reject any Transportation request in addition to the reasons mentioned during the nomination process and the Transportation schedule, those coming from a Sender who has breached a Transportation contract, this Manual or any applicable regulations, including but without being limited to:

11.1.1 Delivery of Hydrocarbons without the minimum quality specifications indicated in this Manual.

11.1.2 Failing to deliver sufficient Hydrocarbons to fill in the line in the proportion that corresponds,

11.1.3 Late Payment or no Payment of the rate,

11.1.4 Failing to comply with the Transportation schedule either in deliveries and/or withdrawals.

11.2 The rejection of a request due to any justified event by the Transporter shall not be considered as a breaching of the obligations of the same and this shall be made without prejudice of other actions the Transporter or the owner may have to make effective the any damages that a Sender or a Third Party may have caused.

CLAUSE 12 QUALITY REQUIREMENTS

12.1 The minimum values of quality that the Crude delivered by the Senders must have to be accepted for Transportation in the Pipeline are:

TEST PARAMETER	VALUE OF THE PARAMETER	TEST STANDARD
Sediment and water or particles	Not to exceed 0.5% in volume	Sediments –ASTM D473 Water – Karl Fisher
API at 60 °F	Higher than 18 degrees API but less than 50 degrees API	D 1298
Viscosity @ temperature of reference	Not to exceed 300 cSt at 30 °C	ASTM D445 or D446
Vapor pressure	Not to exceed 11 lb/square inch Reid Vapour Pressure	ASTM D323
Temperature of reception	Not to exceed 120 °F	
Salt content	20 PTB	ASTM D 3230
Point of fluidity	Not higher than 12 °C	ASTM D 93

For specific systems the Transporter defines minimum parameters for quality which are listed in Annex 4 Minimum Quality Specifications by System.

12.2 Quality Certification.

12.2.1 The Sender shall always provide the Transporter a certificate evidencing the characteristics and quality specifications of the Hydrocarbon, which shall be delivered to the Transporter. The certificate referred to in this numeral shall be issued by a company specialized in this matter and independent from the Sender. If the Sender fails to provide the corresponding certificate, the Transporter shall not have the obligation to accept or transport the Hydrocarbon through the Pipeline.

12.2.2 The minimum characteristics of the Hydrocarbon which must be included in the certificate are: Viscosity cST and SSU at 86°F, 100°F and 140°F, gravity API at 60°F, sulfur content, salt content, BSW, Acidity and Point of fluidity.

12.3 Extra costs

12.3.1 The Transporter and the Sender may agree on the delivery of Hydrocarbons with lower characteristics than the minimum required, in which case the Sender shall pay all costs and expenses to improve the Hydrocarbon and to bring it to acceptable Transportation specifications for the Transporter.

12.3.2 The agreement to make this scheme Operational shall be recorded in writing.

CLAUSE 13 DETERMINATION OF QUANTITIES AND QUALITY

13.1 Measuring equipment and applicable regulations.

13.1.1 Quantity and quality measurements and Hydrocarbon samples delivered or withdrawn shall be conducted by the Transporter or whoever is designated through the measurement systems installed at the node of Entrance and node of Exit; each measuring system installed may include among other things:

13.1.1.1 Calibration unit (Prover) installed and calibrated according to the method “water-draw” (for water distillation) as specified in the Manual API MPMS-4 “Petroleum Measurement Standards”, Chapter 4 “Proving Systems” in the most recent edition.

13.1.1.2 Turbine meters of positive displacement or Coriolis type installed in accordance with Manual API MPM-6 MPMS-4 “Petroleum Measurement Standards”, Chapter 6 “Metering Assemblies Standards” in its last edition. The meters factors shall be derived by calibration using the same standards, taking into account correction by temperature and pressure.

13.1.1.3 A device for continuous sampling as specified in Manual API MPMS “Petroleum Measurement Standards”, Chapter 8 “Sampling” in its last edition. The methods to be used to determine the characteristics of the samples are the following:

- Water (by distillation) ASTM D 4006

- Water by Karl Fisher ASTM D 4377

- Salt content ASTM D 3230

- Sediments (by extraction) ASTM D 473

- Density API 1298

- Sulfur ASTM D 4294

13.1.1.4 A BS&W measuring equipment may also be available by the centrifuge method, following in that case, the proving method ASTM D 4007. The density of samples shall be determined in the event of damage of the density meter or to validate or calibrate the density meter measurements.

13.1.1.5 A density meter for permanent measurement of density.

13.1.1.6 An electronic system for the measurement of flow adjusted to API MPMS, Chapter 21.2 requirements in the last edition.

13.1.1.7 The volumetric correction factor to be applied shall be the one appearing in the last edition of tables 23 and 24 of the ASTM 1250 method.

13.1.1.8 The calculation of the dynamic and static measurements shall be made in accordance with the current API, Chapter 12 or 4 regulations as it may correspond.

13.1.2 The Transporter shall return to the Sender, measured in those nodes of Exit specified by the Sender, a volume of Crude equivalent to the volume delivered by the Sender and measured at the nodes of Entrance with the following adjustments:

13.1.2.1 Deductions for Identifiable Losses and Non-identifiable losses. The Identifiable Losses and Non-identifiable losses shall be distributed among the Senders according to the provisions in the Procedure for Adjustments for Volumetric Compensation for Quality.

13.1.2.2 Increases or reductions necessary to be made as a result of making adjustments for Volumetric Compensation.

13.2 Accounting for losses

13.2.1 The volume of all Crude Oil losses produced in the system shall be calculated by the Transporter using its best Operational and engineering judgment.

13.3 Process to determine quantities and qualities at the Points of Entrance and Points of Exit.

13.3.1 Quantity measurements and quality sampling of deliveries and withdrawals (including calibration of instruments) shall be the Transporter's responsibility and shall be made according to the standards and accepted prevailing practices by the API and the ASTM. The installed equipment to conduct measurements and sampling shall be determined by the Transporter.

13.3.2 The Transporter shall ensure to set out adequate measuring and calibration procedures at the nodes of Entrance and nodes of Exit. Calibration of the measuring systems shall be made as required by operating circumstances under the Transporter's criteria. The calibration factor of the meters shall be effective only after the date of the latest calibration except in case of manifest error in which case the last factor of valid calibration shall be applied.

13.3.3 The Transporter has the responsibility to take two samples of representative Crude Oil according to the API standards and with the adequate volume for each delivery and withdrawal made. The frequency of such sampling shall be determined occasionally by the Transporter based on the continuity of the Crude's quality among other factors. Samples shall be used for the following purposes:

13.3.3.1 To determine the quality.

13.3.3.2 The Transporter shall retain a sample for each delivery and withdrawal, which shall be used as a counter-sample. The Transporter shall preserve said sample for a period no longer than 15 calendar days in case there are any claims regarding a specific delivery or withdrawal. After this lapse of time it will not be possible to make any claims in this sense.

13.3.4 Crude volumes that the Transporter shall be committed to transport shall be determined using the measurement systems of the Pipeline following the API and ASTM standards. The Transporter shall ensure the filling in of all official forms for each kind of measurement, which shall contain as a minimum the following information: the date, the readings of the meters or the measures of the storage tank or tanks before starting and upon completion of the deliveries or withdrawals, the API gravity, densities, temperatures, pressures, sediment and water percentages and any other necessary characteristic for its identification. The forms above mentioned constitute documents, which shall be used to make calculations for the Transportation value and the adjustment for volumetric compensation and shall serve as proving documents for any other purpose.

13.3.5 At any time before starting any delivery or withdrawal and in intervals with a frequency not higher than two (2) times per month, the Sender may inspect, through an independent inspector, with previous approval from the Transporter, the accuracy of the results of the measurements and the samples taken to determine the quantity and quality of the Hydrocarbon. The Sender shall bear the cost of said inspection. For this purpose the respective Sender shall notify the Transporter the name and title of the independent inspector at least five business days before the measurement of the corresponding Crude.

13.3.6 The calibration of the measurement equipment shall be made as required by the Operational circumstances or by written request received from a Sender in particular under the Transporter’s judgment. The meters factors shall be updated every time this procedure is conducted. Prior to the calibration of the meters, the Transporter shall notify the Senders the dates in which said calibration shall be carried out so that they if deemed necessary, may be present in the calibration. The meters calibration factor shall be effective only after the date of the last calibration and the parties participating in the calibration shall issue a certificate; otherwise this shall be documented in a letter from the Transporter to the Senders.

13.3.7 Pursuant to API recommendations, testers shall be re-calibrated at least once every five years (from the date of the last calibration) o immediately after any alteration in the measuring section.

13.3.8 The Hydrocarbon volumes that the Transporter accepts and schedules for its Transportation shall be determined by meters installed in the nodes of Entrance and/or Exit. Notwithstanding the foregoing, the Transporter may use alternate methods included in the API standards. If the static measurement of tanks is used, these must have their measurement approved by the Ministry of Mines and Energy or the competent entity. The tank measurement shall be determined following the current existing standards for such purpose.

CLAUSE 14 VOLUMETRIC COMPENSATION FOR QUALITY

14.1 The Regulations of Volumetric Compensation for Quality is an integral part of this Manual as annex 1 (MECHANISMS OF COMPENSATION OF QUALITY FOR THE MIX OF CRUDE OILS).

14.2 Each of the Senders shall deliver to the Transporter at a Point of Entrance a Hydrocarbon volume which, and only for purposes of Volumetric Compensation for Quality (CVC), shall be valued according to the procedure defined for the Pipeline and in accordance with its particular quality. This quality shall be determined by an independent quantity and quality inspector accepted and recognized both by the Transporter and the Sender.

14.3 Considering that as a result of the Transportation the Hydrocarbons delivered in the Pipeline are mixed without distinction, each Sender shall withdraw at the Point of Exit a volume of Hydrocarbons with a different quality than its Hydrocarbon delivered, except when it has been requested and has been accepted the Transportation of Hydrocarbons in a segregated manner. The quality of this segregated Hydrocarbon shall also be determined by an independent quantity and quality inspector accepted and recognized both by the Transporter and the Senders. This Hydrocarbon shall be assessed only for purposes of Volumetric Compensation for Quality and shall take into account the compensation for quality due to the interfaces occurring when transported with other Crude Oils.

14.4 The Transporter shall apply the mechanism of Volumetric Compensation for Quality defined by the same for the Pipeline which shall have the following main characteristics:

14.4.1 The Senders who have delivered to the Transporter Hydrocarbons with a better quality than the mixed Hydrocarbon withdrawn at the Point of Exit of the Pipeline shall be entitled to compensation in volume, equivalent to the volumes that Senders who have delivered Hydrocarbons of lower quality than the ones withdrawn at the Point of Exit will have to assume. For such purpose, individual qualities of all volumes delivered and withdrawn shall be taken into account as well as the final inventories of the preceding month of Operation and the last month of Operation, with its respective qualities.

14.4.2 The Volumetric Compensation for Quality shall be internal between the Senders in such a way that the final volumetric balances equal cero and the Transporter shall neither charge nor Pay any volume for this purpose and shall only serve as a mediator, regulator, liquidator and responsible for the volumetric distribution of the compensations.

14.4.3 The Volumetric Compensation for Quality is not part of the Rate and therefore shall not be compensated or will have any variation as a result of this.

14.5 In each month of Operation the Transporter shall make a balance of the existing volumes and qualities at the beginning of the month delivered to the Pipeline, lost, withdrawn and existing at the end of the month, both for the total of Hydrocarbons as well as for individual Hydrocarbons of each Sender.

14.6 The Sender shall hold the Transporter and owner harmless against any cost, action, claim, intended procedures by any Third parties, losses and all damage and obligations incurred and inherent to the mix of Hydrocarbons in the Transportation process and the Volumetric Compensation for Quality.

14.7 In any case the Transporter may modify the mechanism of Volumetric Compensation for Quality contained herein, in the respective annexes and all other documents in connection with the CVC.

14.8 Senders of a specific Hydrocarbon may agree with the Transporter not to apply the Volumetric Compensation for Quality to said Hydrocarbon. The foregoing shall be applicable as long as the Hydrocarbon of other Senders is not affected negatively.

14.9 By agreement between the totality of Senders and the Transporter, it may be decided not to implement the Volumetric Compensation for Quality (CVC) for Crude Oils transported through the system. In this case the Transporter may implement any other mechanism validated with the Senders to carry out the volumetric balances.

CLAUSE 15 BULLETIN OF TRANSORTATION BY THE PIPELINE – BTO

15.1 The Transporter shall implement the Bulletin of Transportation by the Pipeline – BTO – which shall contain as a minimum the following information:

15.2 **Information of public access:**

15.2.1 General description of the Pipeline

15.2.2 Current rates for each Distance

15.2.3 Value tables or current calculation formulas of Monetary Conditions

15.2.4 Design Capacity of the Pipeline and Nominal Capacity

15.2.5 Monthly available Capacity of the Pipeline estimated for the next (6) months and annual for the next five (5) years.

15.2.6 Excerpts of this Manual corresponding to connection requests, nomination process and minimum quality requirements of Crude Oil

15.3 Information of exclusive access for Senders and Third parties :

15.3.1 This valid Manual.

15.3.2 Discussion on modifications to the Manual

15.3.3 General information on the programmed maintenance schedule of the Pipeline and other programed activities affecting the effective Capacity during the next six (6) months.

15.3.4 Listing of expansion projects and changes in the Pipeline's infrastructure

15.3.5 Effective Capacity confirmed for each month of Operation and estimated for the following five (5) months and the corresponding available Capacity for each Distance.

15.3.6 Transportation program for the month of Operation and tentative for the following (5) months for each Distance

15.3.7 Description of the mechanism established by the Transporter and foreseen in the nomination process to assign the available Capacity equitably

15.3.8 Last volumetric balance prepared for the Pipeline.

15.3.9 Daily statistics for the last month of Operation and monthly statistics since the enforcement of Resolution 181258 of 2010 from the Ministry of Mines and Energy on the information on Effective Capacity and Volumetric Balances.

15.3.10 The annual rates and the Monetary Conditions for each Distance from the date of enforcement of Resolution 181258 of 2010 from the Ministry of Mines and Energy.

15.4 The Transporter is no obliged to publish any information of reserved character.

15.5 The Transporter shall provide to Senders and any Third parties interested in transporting Hydrocarbons through the Pipeline as requested, within the following ten (10) calendar days after the request and with previous verification from the Transporter of their Capacity as Sender or Third Party an access password to the information of exclusive character referred to in numeral 15.3 of this clause. The access with a password shall be active while the requestor maintains its Capacity as Sender or Third Party.

15.6 The Transporter shall communicate any updates, amendments or additions of relevant information in the BTO by means of electronic mail or direct communication to the Office of Hydrocarbons of the Ministry of Mines and Energy and to all those with active access to the information of exclusive character pursuant to the previous numeral.

CLAUSE 16 SPECIAL TRANSPORTATION CONDITIONS

16.1 The Transportation of Hydrocarbons shall be subject to the following conditions:

16.1.1 The Hydrocarbon shall be delivered by the Sender at a Point of Entrance and withdrawn at a Point of Exit.

16.1.2 The Transportation of Hydrocarbon shall be subject to performance of the conditions foreseen in the Transportation Contract, the Manual hereof, its modifications, additions or updates, including its annexes and the applicable regulations.

16.1.3 The Transporter reserves the right to receive or reject a Hydrocarbon that fails to meet the minimum specified values; in case of reception, the Sender shall Pay the Transporter any costs incurred in the analysis and eventual treatment of this Hydrocarbon to place it within the required specifications or to implement the scheme required for its Transportation.

16.1.4 The Transporter reserves the right to require, reject or approve the injection at any other Point in the Pipeline of products such as corrosion inhibitors, depressors of Point of fluidity, friction reducers or any other additive in the Hydrocarbon to be transported. The Sender shall Pay the Transporter all costs incurred in the analysis and eventual treatment of this Hydrocarbon to place it within the required specifications or to implement the scheme required for its Transportation.

16.1.5 The Transporter reserves the right to transport Hydrocarbons delivered by Senders that exceed the limits determined by Transporter for organic chloride, sand, dust, dirtiness, glues, impurities, other objectionable substances or any other compounds with physical or chemical characteristics that, under the exclusive determination of the Transporter may cause that the Hydrocarbon would not be easily transported, may damage the Pipeline or may interfere with the Transportation and the withdrawals. The Sender shall Pay the Transporter all costs incurred in the analysis and eventual treatment of this Hydrocarbon to place it within the required specifications or to implement the scheme required for its Transportation.

16.1.6 The Transporter shall be entitled, with a previous provisional notice, to remove and sell the Crude of any Sender that fails to comply with any of the specifications at its Sole discretion. If the Transporter exercises its right of sale pursuant to this clause, the Transporter shall deduct from the proceeds of such sale all costs incurred by the Transporter with respect to the storage, removal and sale of such Crude Oil. The Transporter shall pay the balance to the Sender.

16.1.7 The Transporter shall not accept Crude Oil delivered by any Sender if this may cause impairment to the Pipeline of the Crudes or mixtures transported (without consideration of whether or not the Crude Oil meets the minimum quality specifications).

16.1.8 The Transporter acting reasonably and in good faith, shall be entitled to make any changes to the minimum quality specifications of Crude Oil in accordance with operating practices, which may be necessary or pertinent, including but without being limited to, prevent material damage or the material degradation of the effective Capacity of the Pipeline in order to prevent any personal injuries or damage to the property or the environment.

CLAUSE 17 REGULATIONS FOR THE TRANSPORTATION OF SEGREGATED HYDROCARBON

17.1 With a previous request from the Sender or Third Party, the Transporter may accept the Transportation of segregated Hydrocarbon to the extent that this is a technical and economically viable alternative. The Transportation of segregated Hydrocarbon cannot change the scheme set out in clause 10 and shall be conducted pursuant to the provisions in this Manual.

17.2 As a consequence of the foregoing, the Transporter shall inform the Sender its disposition to start the Transportation of segregated Hydrocarbon. The Transportation of segregated Hydrocarbon shall be subject to the nomination process set forth in this Manual.

17.3 Any additional charges for Transportation of segregated Hydrocarbon shall be borne by the Sender or Third Party requesting the service, and it will be taken into account, including but without being limited, any costs and damage caused to the Transporter, owner or other Senders.

CLAUSE 18 RISKS AND RESPONSIBILITY

18.1 The Transporter shall exercise custody on the Hydrocarbon from the time the Sender or whoever the Sender designates, delivers it at the Point of Entrance and until the Point of Exit.

18.2 Neither the Transporter nor the owner shall be responsible for the consequences of failing to comply with the deliveries and withdrawals generated by the Sender in the Transportation program, commitments of operators and/or Transporters of Transportation systems connected to the Pipeline.

18.3 The Transporter shall not be responsible for any damage or deterioration that a Hydrocarbon delivered by a Sender may suffer, such as contamination with strange materials, contamination by contact of different types of Hydrocarbons if the damage or deterioration is due to Justified Events. In the event any of the cases previously mentioned occurs, and one or more Senders are involved, all the Hydrocarbons affected shall be prorated between the Senders in proportion to the ownership of each of the Hydrocarbons involved, without prejudice of any indemnities afterwards which may be applicable between the Senders affected. The Transporter shall prepare the information corresponding to the volume of Hydrocarbon affected and the proportion corresponding to each Sender.

18.4 The Transporter shall be responsible for the Transportation service, for any losses, damage or deterioration that the Hydrocarbon may suffer. The Transporter shall be released from any responsibility in the Justified Events and the Transporter is not incurring in any gross negligence.

18.5 Any damage or prejudice caused to the Transporter by virtue of failing to comply with the regulations contained in this Manual by any Sender shall be the responsibility of the Sender who shall indemnify the Transporter for such damage or prejudice.

18.6 Hydrocarbons delivered by each Sender and transported through the Pipeline may vary in their quality as a result of the mix with other Hydrocarbons. Except for events in which segregated Hydrocarbons are transported, the Transporter shall not have any obligation to return at the Point of Exit a Hydrocarbon of the same quality as the Hydrocarbon delivered for its Transportation at the Point of Entrance. The adjustments of Volumetric Compensation for Quality shall be applied to the transported mixed Hydrocarbons.

18.7 In the Transportation of Hydrocarbon mix and Hydrocarbon segregated through the Pipeline, contamination fronts are generated. All Senders of the Pipeline shall accept as withdrawn volume, a portion of the contamination fronts generated in the Transportation through the Pipeline. If the Sender requires some special conditions for the Transportation of a Hydrocarbon, these shall be agreed with the Transporter who reserves the right to accept them and require the Sender to bear all costs associated to such conditions.

18.8 The following shall be considered in the Transportation of Hydrocarbon mix and Hydrocarbon segregated through the Pipeline:

18.8.1 The Hydrocarbon of higher quality with respect to the Hydrocarbon of lower quality shall always be degraded in the contamination fronts.

18.8.2 The Transporter shall estimate a maximum volume corresponding to the contamination fronts and shall be responsible to comply with this value.

18.9 The Transporter is obliged to return the Sender and the latter to withdraw at a Point of Exit, the volume of equivalent Hydrocarbon upon application of the mechanism of Volumetric Compensation for Quality.

18.10 The Senders and Third parties shall indemnify and hold the Transporter and the owner harmless against any costs, claims, litigations, judicial or extra-judicial action, and decisions of any kind, which may be brought against the Transporter or owner, and in general by any procedure intended by any Third parties.

CLAUSE 19 FILLING THE PIPELINE OR FILLING THE LINE

19.1 It is the necessary volume to fill the Pipeline between the initial pumping station and the final station, the non-pumping bottom of the storage tanks of the Pipeline, and all installations, tubes, equipment, pumping and measuring accessories.

19.2 For the Pipeline Operation, the Transporter may request to each Sender, including the ANH, to deliver to the Transporter the necessary quantity of Hydrocarbon to fill in the line of the Pipeline. The participation of each Sender in filling in the line shall be determined by the Transporter based on criteria such as: Ownership of the Pipeline and Contracted Capacity.

19.3 The Transporter shall determine at its judgment the Day in which each Sender shall deliver its proportional participation in filling the line of the Pipeline, and shall communicate the corresponding volume indicating the date of delivery.

19.4 The Hydrocarbon delivered by the Senders to fill in the line of the Pipeline shall not be withdrawn from the Pipeline without the previous authorization from the Transporter. Without prejudice of the foregoing, the Sender shall not lose the ownership of the Hydrocarbon remaining in the Pipeline.

19.5 When segregated Hydrocarbon is transported, it shall be understood that the ownership of the filling of the line of the Pipeline varies according to the volumes of segregated Hydrocarbon present in the Pipeline at a given time. Without prejudice of the foregoing, the Sender shall not lose the ownership of the segregated Hydrocarbon remaining in the Pipeline.

CLAUSE 20 HANDLING LOSSES IN THE PIPELINE

20.1 The identification and handling of losses in the Pipeline shall be carried out as follows:

20.1.1 All identifiable losses of mix or segregated Hydrocarbon not attributable to the Transporter as per numeral 18.4 shall be assumed by the Senders of the mix or segregated Hydrocarbon according to the calculation made by the Transporter based on the Operational parameters and formalized in the CVC. In this sense, the Senders accept the liquidation made by the Transporter.

20.1.2 The report prepared by the Transporter shall be considered as the basis to calculate the identifiable losses, indicating the Operation conditions of that day, time, place, causes, deliveries, dispatches, withdrawals, mix or segregated Hydrocarbon, recovered and lost and determined after the filling of the line and the restarting of the pumping.

20.1.3 Non-identifiable loses are understood only those losses during Transportation to which its cause cannot be determined with precision throughout the process, from the Points of Entrance to the Points of Exit, including but without being limited to the following:

- Stops/ starts of the Pipeline
- Illegal extractions non-detected
- Faults in the meter factors
- Volumetric contractions
- Leakages/passes in the valves
- Evaporation
- Escapes
- Inherent uncertainties on the measurement systems and associated instrumentation
- Inherent uncertainties of laboratory analysis associated to the calculation of volumes
- Propagation of inherent uncertainties of the procedures set out at the international level for the calculation of volumes by static and dynamic measurement.
- Handling loses inherent to the Pipeline

20.1.4 The Transporter shall calculate these losses each semester in such a manner that the semester calculation reflects the real losses occurring during each semester. The average semester of all losses shall be up to cero Point five percent (0.5%) of the deliveries of the period. This calculation shall be made by means of balances that the Transporter shall carry out at the beginning of each calendar month with respect to the previous calendar month, which shall reflect the deliveries and withdrawals, the inventory movement and the identifiable losses, if there are any, to be calculated each semester.

20.1.5 In the case of mix Hydrocarbon, the Non-identifiable Losses of the semester shall be assumed by each of the Senders at prorate of the deliveries of the period.

20.1.6 In the case of segregated Hydrocarbon, the Sender of the segregated Hydrocarbon shall assume the Non-identifiable losses of the semester.

20.1.7 In the event that Non-identifiable losses exceed cero Point five percent (0.5%) of the deliveries, calculated each semester, the Transporter shall inquire on the possible causes in order to take the corrective actions immediately.

20.1.8 The calculation procedure of losses in the Pipeline shall be governed by the provisions in this clause and the current Compensation Mechanism for Quality for the Mix of Crude Oil.

20.1.9 Non-identifiable losses equal or less than 0.5% monthly shall be distributed according to the value in US dollars of the deliveries by each Sender of the calendar month in which they were detected or the calendar month in which they are reported.

20.1.10 Identifiable losses are distributed according to the value in US dollars of the deliveries by each Sender on the calendar month in which they were detected

CLAUSE 21 CLAIMS

21.1 Any claim by a Sender or Third Party in connection with the Transportation service of Hydrocarbons shall be resolved pursuant to the internal procedures of the Transporter and the applicable regulations. These claims shall be delivered to the Transporter's Operational area and they shall conduct the respective internal procedure and shall communicate the result to the Sender.

21.2 For claims regarding the quantity or quality of Hydrocarbons, these shall be presented in writing at the latest within fifteen (15) calendar days after the date of delivery or withdrawal of the Hydrocarbon or the date in which the report for the Volumetric Compensation for Quality is issued. The claim shall be justified within the following thirty calendar days after being presented.

21.3 If the Sender does not present its claim, or if made extemporaneously, or if it is not duly and timely justified, it shall mean the acceptance by the Sender of the Hydrocarbon delivered or withdrawn or the Volumetric Compensation by Quality, as the case may be.

CLAUSE 22 SANCTIONS TO OPERATING AGENTS FOR NON-PERFORMANCE OF THE TRANSPORTATION SCHEDULE

22.1 Each of the nominations made by Senders and Third parties shall constitute their commitment to comply with the delivery and withdrawal schedule with quantities and flow rates previously agreed between the parties.

22.2 For the Operation of the Pipeline the following particular provisions shall be taken into account to apply the following sanctions depending on the type of Sender:

22.2.1 Sender with Contracted Capacity in Firm:

22.2.1 If by any reason the delivery is less than 95% or more than 105% of their Scheduled Capacity, the Sender shall Pay:

22.2.1.1.1 The Transportation fee for volumes delivered when they are higher than the Contracted Capacity in firm. When they are equal or less the Sender shall Pay Transportation fee on the Contracted Capacity in firm.

22.2.1.1.2 The Transporter may decide to charge the Sender a sanction equivalent to 5% of the Transportation Fee of the Scheduled Capacity.

22.2.1.2 If by any reason, delivery is between 95% and up to 105% of its scheduled Capacity, the Transporter shall charge the Transportation fee for volumes delivered when these are above the Contracted Capacity in firm. When they are equal or less the Sender shall pay the Transportation fee on the Contracted Capacity in firm. In this case there shall not be any sanction, without prejudice of the application of other types of sanctions.

22.2.2 Sender without Contracted Capacity in firm:

22.2.2.1 If by any reason, the delivery is less than 95% or more than 105% of its scheduled Capacity, the Sender shall Pay:

22.2.2.1.1 The Transportation fee for volumes delivered

22.2.2.1.1 The Transporter may decide to charge the Sender a sanction equivalent to 5% of the Transportation Fee of the Scheduled Capacity.

22.2.2.2 If by any reason, delivery is between 95% and up to 105% of its scheduled Capacity, the Transporter shall charge the Transportation fee for volumes delivered. In this case there shall not be any sanction, without prejudice of the application of other types of sanctions.

22.3 For the second and all faults thereafter occurring in a twelve month period counted from the date of occurrence of the last fault, sanctions shall be 10%, without prejudice of other types of sanctions as the may be applicable.

CLAUSE 23 HYDROCARBON AFFECTED BY LITIGATION

23.1 Any Sender or Third Party is in the obligation to notify in writing before delivery to the Transporter, if the Hydrocarbon being the purpose of the Transportation request is being affected by any encumbrance, claim or litigation both judicial and extra-judicial.

23.2 The Transporter reserves the right to either accept or reject any Hydrocarbon being affected under the terms abovementioned. Without prejudice or the power mentioned, the Transporter shall coordinate with the Sender possible action plans in order to ensure the rights acquired by the Senders regarding the Owner's Capacity and/or Contracted Capacity in firm.

23.3 In case of accepting its Transportation, the Transporter may request to the Sender the presentation of a bond at satisfaction of the Transporter to cover any damage which may be caused to the Transporter, the owner, to other Senders and Third parties as a result of the Transportation.

23.4 Likewise, the Sender shall indemnify and hold the transported and the owner harmless under the terms set out in the clause of Risks and responsibility.

CLAUSE 24 INVESTMENTS IN THE PIPELINE

24.1 Regarding any requests made to the Transporter to carry out any works and additional investments to those made in the Pipeline by the Transporter or the owner, the following provisions shall be considered:

24.1.1 Whoever is interested or needs the execution of works for the construction, adaptation, expansion, connection and/or addition of assets and facilities required, as a result of the Transportation of Crude Oil through the Pipeline, shall request it (hereinafter the "Proposal") to the Transporter with due justification and indicating the needs and specifications of the works to be carried out.

The Transporter shall indicate whether or not the Proposal meets and/or is in accordance with the safety, and environmental requirements as well as the technical, commercial, legal and engineering aspects in connection with the Pipeline and the common practices of the industry in general in Colombia.

24.1.2 The Proposal submitted to the Transporter under the previous terms shall:

Include all relevant details, including but without being limited to, a(1) the necessary additional infrastructure and the modifications to be made on the existing infrastructure, (2) the estimated costs, (3) the time schedule for construction of the works and start-up of the services associated to these works, (4) all estimated operating and maintenance costs considered during the service associated to these works and (5) basic engineering;

The Proposal shall be addressed to the Transporter through the legal representative of the person interested, for consideration and analysis of the Transporter during a lapse not to exceed 60 calendar days counted after the following day of submission of the Proposal with all the information required.

24.1.3 As a result of the analysis conducted, the Transporter shall determine whether or not the Proposal is accepted, or if conditioned totally or partially, if executed directly, or through a person designated by said Transporter, as well as the scope of the investment and all other aspects relevant to the Proposal.

24.1.4 If the new infrastructure modifies the Effective Capacity, the Senders or Third parties participating in the Proposal may enter into a Ship or Pay Transportation Contract to contract a portion of the new Capacity. In the case of the Capacity corresponding to the Transporter or Owner given the scope of the Proposal, this shall be considered as Owner's Capacity.

24.1.5 No one may carry out any constructions, connections or adaptations in the Pipeline without the previous written agreement duly signed by the Transporter's representative.

CLAUSE 25 SOLE RISK PROPOSALS

25.1 Proposals made to be carried out at the Sole and exclusive Risk or Senders or Third parties (hereinafter, "Sole Risk Proposal") shall only be executed upon completion of the process indicated in clause 24 with the decision that the Transporter will not participate initially in the Proposal.

25.2 The Sole Risk Proposal shall cover the same aspects as the Proposal presented in accordance with clause 24. In any case, all Sole Risk Proposals shall meet the technical specifications in terms of measurement, the applicable determinations of quality and safety and the regulations of this Manual, and shall have the respective licenses, and required permits by the competent authorities as well as compliance with the provisions that regulate the acquisition of lands and any other applicable regulations.

25.3 For this purpose the following shall be taken into account:

25.3.1 Presentation of the Sole Risk Proposal: The interested Party shall request authorization for the Sole Risk Proposal submitting all the necessary documentation for its study. The Transporter shall verify compliance with the regulations on these matters and may request any clarifications or details regarding the information. The response accepting or rejecting the request for the Sole Risk Proposal shall not exceed a term of three (3) months from its reception, without including in this term the time necessary to submit and respond any clarifications or details requested by the Transporter.

25.3.2 Participation of the Transporter: At any time during the approval, design, construction and start-up of a Sole Risk Proposal, the Transporter may express its intention to participate in it. The proportion and conditions in which the Transporter shall participate shall be determined by common agreement between the parties. If no agreement is reached between the parties, the mechanisms set out in clause 27 (Settlement of Controversies) shall be applied.

25.3.3 Conditions for the Execution: The Transporter may deny the authorization for the implementation of the Sole Risk Proposal duly justified, including but without being limited to, safety, technical, Operational or Capacity reasons, alleging they may affect the integrity of the Pipeline or the Operation of other Senders or by disposition of the competent authority. The Transporter shall not be in the obligation to provide the Transportation service until the execution of the Sole Risk Proposal fulfills the requirements established in the Manual, the applicable engineering standards, the Transporter's provisions and requirements and any other applicable regulations. In the case of associated systems to the Pipeline, the Sender shall not modify the facilities or its way of Operation without the Transporter's authorization.

The Transporter reserves the right to carry out the construction, administration, Operation and maintenance totally or partially of the Sole Risk Proposals and shall define the scope of its participation. The costs implied thereto shall be borne by the Sender or Third Party presenting the Sole Risk Proposal. The Sender and the Transporter may freely agree on the means for financing and Payment.

25.3.4 Indemnity: Any Sender or Third Party participating in the execution of the Sole Risk Proposal shall indemnify and hold the Transporter and owner harmless under the terms set forth in the Risks and Responsibilities clause.

25.3.5 Bonds and Insurance: the Transporter and the interested Senders in the Sole Risk Proposal shall obtain the necessary bonds and insurance to cover any Risk derived from the Sole Risk Proposal under terms reasonably acceptable for the Transporter, without prejudice of obtaining all other bonds and insurance requested by the Transporter.

25.3.6 Property, financing and Operation of the Sole Risk Proposal: For those investments that somehow change the existing infrastructure of the Pipeline and if the Operation affects the functioning of the same, the ownership shall belong to the Transporter or the owner. In this case the Transporter and the Sender or Third Party executing the Sole Risk Proposal, shall agree on the mechanism for amortization.

All funds required to undertake the execution of the Sole Risk Proposal shall be procured, obtained and guaranteed by the Senders or Third parties participating in the Sole Risk Proposal, and under no circumstances neither the Transporter nor the owners or any other Sender shall be affected by the financing instruments that the Senders or Third parties participating in the Proposal adopted by, or as a result therefrom.

25.3.6.1 If the new infrastructure modifies the effective Capacity, the Senders or Third parties participating in the Sole Risk Proposal may enter into a Ship or Pay Transportation contract to contract a portion of the new Capacity. In the case of the Capacity corresponding to the Transporter or owner given the scope of the Sole Risk Proposal, it shall be considered as an owner's Capacity.

25.3.6.2 The Transporter shall facilitate to the Senders or Third parties that will execute or have executed the Sole Risk Proposal the access to their own infrastructure. Without prejudice of the foregoing, the Senders or Third parties that have executed a Sole Risk Proposal shall ensure to the Transporter or owner that the Transportation Capacity of the latter shall not be affected by the execution of the Sole Risk Proposals. In any case, if the Capacity of the owner or Senders is affected as a result of the execution of the Sole Risk Proposal, the Sender(s) and Third parties that have executed it shall be liable and indemnify the owner and all other Senders.

25.3.7 Information: The Senders and Third parties participating in the Sole Risk Proposal shall provide the Transporter all the information arising from the design, construction, implementation, adaptation, expansion, connection, addition of assets and facilities, and the start-up of services associated to the Sole Risk Proposal.

CLAUSE 26 PROCEDURES FOR COORDINATION OF OPERATIONS, COMMUNICATIONS AND EMERGENCY ASSISTANCE

26.1 Communications and all other aspects associated to the coordination of the activities related to the Manual hereof, shall be attended by the operating area of the Transporter. These communications may be directed through field representatives of the Transporter or processed directly by personnel of the operating coordination in the Transporter’s Offices.

26.2 Meetings shall be held, depending on the requirements from the parties, in which the Transporters and the Senders shall participate in order to review compliance with the Transportation schedule under execution and review the Transportation plan. In these meetings aspects impacting the Transporter’s Operation shall be reviewed and aspects or interest for the Senders shall be disclosed.

26.3 With a monthly frequency, in the Third week of the calendar month after the month of Operation the exercise of volumetric compensation for quality shall be conducted.

26.4 The Transporter has available a Contingency Plan that compiles the structure and required procedures to assist in any type of emergencies which may affect the integrity of people, the environment or the infrastructure. To provide assistance with emergencies the Transporter applies a System Model Command of Incidents, which contemplates different flows of horizontal and vertical communication required to ensure an effective notification and response preparation to the event.

26.5 In the assistance of emergencies, the Transporter's Operations and maintenance personnel participates, as well as personnel from corporate support to contribute in the handling of communications and the required logistics support by the assistance group.

26.6 Likewise, the Transporter has agreements with different authorities and emergency assistance bodies at the local, regional and national level as complement to its internal assistance equipment. This is complemented with agreements established with companies from the sector to provide support and mutual assistance before any event, in order to mitigate any emergency impact.

CLAUSE 27 SETTLEMENT OF CONTROVERSIES

27.1 In the event of occurrence of any conflict or disagreement in connection with the Manual hereof or the Transportation service, it shall be initially resolved by a representative duly authorized from each of the parties within thirty (30) days following the notification issued by the Party who considers the existence of a disagreement and effectively received by the other Party.

27.2 If, after the thirty (30) days abovementioned, the disagreement continues totally or partially, the parties shall rely on any alternative mechanism to settle conflicts contained in the Colombian legislation.

CLAUSE 28 VALIDITY

28.1 The validity of this Manual is the date of its disclosure which shall be made through a publication in the Transporter's website.

CLAUSE 29 ADDITIONS AND MODIFICATION

29.1 The Transporter may carry out additions or modifications to this Manual, pursuant to the provisions in Resolution 18-1258 of July 14, 2010 from the Ministry of Mines and Energy as substituted or amended.

CLAUSE 30 APPLICABLE LEGISLATION

30.1 This Manual is governed in all its parts by the applicable regulations of the Republic of Colombia.

ANNEX 1: MECHANISMS OF QUALITY COMPENSATION FOR THE MIXTURE OF CRUDE OIL

ADJUSTMENT PROCEDURES OR VOLUMETRIC BALANCES

The Transporter shall conduct the volumetric balance with a monthly frequency in order to establish the volumes injected by each Sender to the Pipeline, the identifiable losses, the Non-identifiable losses, consumptions, inventory variations, and any adjustments for quality if the latter is applicable.

1. LOSSES

For purposes of the procedure hereof, the provisions set out in the Manual of the Transporter for handling Losses in the Pipeline and in the annex hereof shall be applied.

2. CRUDE OIL CONSUMPTION

The Transporter assumes the totality of costs for consumption of Crude Oil.

3. VOLUMETRIC COMPENSATION FOR QUALITY – CVC

3.1 When Crude Oils are delivered to the Pipeline of different quality and from different Senders, the result shall be a Crude Oil with different characteristics of quality and market value than the Crude Oil delivered to the Pipeline by each of the Senders. Due to different qualities of Crude Oil delivered to the Pipeline, some Senders shall withdraw Crude of higher value than the Oil delivered while others shall withdraw Crude Oil with less value than the Oil delivered to the Pipeline.

In order to make equitable adjustments between the Senders of the Pipeline by the differences in value resulting for differences in quality of Crude Oils delivered I the Pipeline, a procedure of volumetric compensation for quality shall be established ("CVC" *in Spanish*).

The purpose of the CVC is to establish a system to compensate Senders for the degradation or improvement of the Crude Oil withdrawn compared with the Crude delivered. The Sender withdrawing a Crude o lower quality than the Crude delivered shall be compensated with a higher volume. The Sender withdrawing a Crude with higher quality than the Crude delivered shall compensate others Senders of better quality accepting a lower volume. At any rate, the sum of debits and credits by CVC for all Senders shall be cero.

At any node of Entrance of the Pipeline where two or more Crude Oil flows merge in order to be transported, a volumetric compensation for quality shall be established on the resulting mix.

3.2 SAMPLING AND SYSTEM MEASUREMENT

For purposes of the procedure hereof, the provisions in the Manual of the Transporter shall be applied for measurements in the Pipeline.

3.3 CVC PROCEDURES

The Transporter set out detailed procedures for the CVC following the guidelines established hereto.

3.3.1 The Transporter shall administer the CVC process and the Senders may audit the process or request reviews thereto as long as the Transporter is timely informed and a working plan is coordinated between the parties.

3.3.2 The Transporter shall establish monthly the coefficients for adjustments of quality and sulfur pursuant to the criteria established herein.

3.3.3 The CVC shall be settled in kind.

3.3.4 The Transporter shall make monthly adjustments to the corresponding volume of Crude to each Sender, based on the coefficients of adjustment for quality.

For any month of Operation the corresponding quantity of Crude of each Sender shall be:

(a) Reduced if such Sender of the Pipeline delivers Crude of lower quality than the average quality of the mix,

(b) Increased if said Sender of the Pipeline delivers Crude of ah higher quality than the average quality of the mix.

3.3.5 At the latest on the 15th day of the calendar month following the Operation, Senders shall report to the Transporter the export prices, the API gravity and the sulfur content of its Crude for the Month of Operation.

3.3.6 Each month of Operation the Transporter shall measure the volumes delivered by the Senders and shall determine the weighted average for the quality parameters of Crude Oils delivered.

3.3.7 The Transporter shall calculate the adjustments to the volume for each Sender and shall determine the Crude volume that corresponds. No adjustment in the volume as a consequence of the CVC shall affect the Transportation fee that a Sender shall Pay to the Transporter.

3.3.8 Senders acknowledge that adjustments to their Crude volumes to be withdrawn as a result of these principles and procedures of the CVC may affect the volume of Crude Oil for a withdrawal afterwards.

3.3.9 Senders are entitled to review the Transporter's calculations regarding the adjustments by CVC and the due application of this procedure.

The parties may jointly review:

(a) The appropriateness of the Crude Oil reference basket regarding their terms of quality.

(b) The information on prices available to the public.

(c) The calculations of the coefficients and the volumes adjusted.

3.3.10 A data base for the API gravity shall be developed and sulfur content for Crude delivered from reliable samples of laboratory of Crude Oil flows. The quality data of Crude Oil must comply with the following criteria:

The API gravity and the sulfur content on the data base of the Crude quality are representative of the current qualities of Crude which is being delivered.

The variability of the API gravity and sulfur is within an allowed tolerance to be determined by the parties. Analyses of sulfur content shall be conducted based on a schedule agreed by the parties after the beginning of the Fiscal Year.

3.4 METHODOLOGY FOR CRUDE OIL VALUATION

By means of using the Crude Oil basket of reference the variation of price shall be determined regarding the API grade and sulfur content for Crude Oil delivered. The method is based on the use of the linear regression of prices of a Crude Oil basket of reference delivered in the coast of the Gulf of The United States of America with API gravity and sulfur content.

3.4.1 BASKET OF REFERENCE FOR CRUDE OIL

The basket of Crude Oil to be used shall always include a minimum of ten (10) Crude Oils. The basket of reference for Crude Oil with prices and qualities historically recognized shall be used to determine the coefficients of adjustment for API grade and sulfur content. The price information of the basket shall be continuously available from sources open to the public for each Crude Oil of reference. Prices reported used in the basket of Crude Oil of reference shall be obtained from independent price information services recognized by the industry and shall come from real Operations.

This basket provides a range of qualities to develop the coefficients for the regressions and therefore cover the flows that may be injected to the Pipeline. The initial basket of Crude Oils to be used is the one established in table I of this procedure which may be reviewed by common agreement between the Transporter and the Senders.

3.4.2 CALCULATION OF CRUDE OIL PRICES FOR THE BASKET IN THE COAST OF THE GULF

All price quotes of Crude Oil for a common location in the Coast of the Gulf of The United States of America shall be adjusted.

All prices of Crude Oil of reference shall be adjusted with respect to the location and based on the availability of price information according to the following list:

1. FOB quotation
    - Transportation to the Coast of the Gulf of The United States of America is added using the appropriate vessel size.
    - Customs Tariffs, Oil pollution Liability Insurance, “Superfund” taxes are included and others as appropriate.
2. CIF quotation
    - Customs Tariffs, Oil pollution Liability Insurance, “Superfund” taxes are included and others as appropriate.
3. Crude Oil delivered by the Pipeline
    - Any Pipeline fee is added if necessary
    - “Superfund” is included and other fees/tariffs as appropriate.

Tables II to IV of this procedure show examples for calculation of basket Crude prices delivered in the Gulf Coast.

3.4.3 LINEAR REGRESSION FOR PRICES, GRAVITY AND SULFUR

To determine API gravity and sulfur coefficients linear regressions shall be run using the minimum square method.

First the arithmetic average is calculated for prices of the basket of Crude Oils of reference delivered in the Gulf coast for three months. The cumulative average for three months shall be calculated at the closing of the settling month using the prices for the settling month and the two (2) previous months prior to the settling month (See 1 in table V).

To determine the API gravity coefficient, a linear regression analysis shall be performed using the three months average of Crude prices from the basket calculated in the paragraph above as the dependent variable. Likewise, the API gravity and sulfur content is used for each Crude Oil of reference as the independent variables. The formula to be used makes a regression of the price as a function of API gravity and sulfur simultaneously (See 2 in table V).

To determine the sulfur content a linear regression analysis shall be conducted using the three month average of Crude prices from the basket calculated in the previous paragraph as the dependent variable. Likewise, the API gravity and sulfur content is used for each Crude Oil of reference as the independent variables. The formula to be used makes a regression of the price as a function of API gravity and sulfur simultaneously (See 3 in table V).

The results of the determination of the linear relation between the price delivered and the API gravity and sulfur content may be stated in the following lineal equation:

$Y = A1* X1+ B* X2 + b$

$Pr = A1* APIR+ B*SR + b \quad (1)$

Where:

PR = Crude price in $/Bbl

A1 = API gravity coefficient determined through linear regression in $ by grade API-Bbl

APIR = Independent variable of API gravity

B = Sulfur coefficient determined through linear regression in $/%S-Bbl (negative number)

SR = Independent variable of sulfur content

b = Y interception determined from the linear regression in $/Bbl.

3.4.3 ADJSUTMENT OF VOLUMES FOR SENDERS (TABLE VI)

After obtaining the API and sulfur coefficients, a volumetric adjustment shall be calculated to conciliate differences between the quality of each Sender and the mix transported. The quantity to be adjusted for each Sender is determined as is follows:

The relative value of Crude Oil for each Sender shall be calculated at the Point of Entrance. To obtain this, the API gravity of Crude from each Sender is multiplied by the API coefficient obtained in the regression and then adding to this result, the multiplication of the sulfur percentage of Crude from each Sender by the sulfur coefficient obtained in the regression. See table VI in the column – Relative value of Crude $/BBL

The relative value of the mix transported is calculated with the data of the relative value of each Crude Oil from all Senders. This value is obtained calculating the weighted average of the relative values of each Crude Oil multiplied by the volume delivered by the Sender. (See (1) table VI

After this, the average export price of the mix must be obtained with the data from exports of all Senders in the month in which the adjustments are made. (See (2) in table VI

To obtain the calculated price, the difference between the relative value of each Crude Oil and the relative value calculated for mix (1) must be obtained, and add this difference to the average export price of the mix.

Then, the quantity delivered by the Sender is multiplied by its calculated price and this product is divided between the average export price of the mix, obtaining as a result the total adjusted volume by Sender.

The volume to be adjusted shall be the difference between the total adjusted volume by Sender and the volume delivered by a Sender to the Pipeline.

The sum of volumes to be adjusted from all Senders must be cero.

The Transporter shall run the linear regression using a spreadsheet such as Excel. The Transporter shall document the statistical results of the linear regression so that the information can be provided to any Sender upon request.

Table I

Reference Crude Basket

Degree	Origin	API, °	Sulfur%	Source for Pricing	BBL/MT
Arab Light	Saudi Arabia	33.2	1.9	Argus, Formula	7.34
Arab Medium	Saudi Arabia	30.5	2.4	Argus, Formula	7.22
Arab Heavy	Saudi Arabia	27.6	2.8	Argus, Formula	7.09
Castilla	Colombia	18.8	2.0	Platts	6.70
LLS	US Gulf Coast	36.2	0.3	Argus	7.47
Mars	US Gulf Coast	28.0	2.1	Argus	7.15
Maya	Mexico	21.1	3.5	Argus	6.80
Napo	Ecuador	18.0	2.3	Platts	6.66
East	Ecuador	24.0	1.2	Platts	6.93
Vasconia	Colombia	26.5	0.9	Platts	7.04

Table II

Illegible Information

Table III

Illegible Information

Table IV

Illegible Information

Table V

Linear regression of prices, API gravity and sulfur – August 2010 Closing Example

	API	Sulfur	JUN-2010	JUL-2010	AUG-2010	Average of 3 previous months (1)
Arab Light	33.2	1.9	77.60	76.26	76.29	76.72
Arab Medium	30.5	2.4	75.84	74.59	74.62	75.02
Arab Heavy	27.6	2.8	74.34	73.32	73.25	73.64
Castilla	18.8	2.0	69.84	69.20	69.20	69.41
LLS	36.2	0.3	78.94	78.84	79.79	79.19
Mars	28.9	2.1	74.63	74.18	74.35	74.39
Maya	21.1	3.5	66.27	67.47	68.65	67.46
Napo	18.0	2.3	69.56	69.02	69.08	69.22
East	24.0	1.2	72.12	71.93	72.15	72.07
Vasconia	26.5	0.9	74.93	75.89	75.29	75.37

(2) API, $/API-BBL Coefficient 0,495

(3) Sulfur, $%S-BBL (1,191)

Table VI

Adjustments of volumes for senders – August 2010 example

Bank of Quality Coefficients

API Coefficient (0.50)
Sulfur Coefficient (1.19)

Sender	Volume injected by sender MBBL/mo	API in the injection point	Sulfur in the injection point	Relative value of the crude S$/BBL	Calculated Price $/BBL	Total Volume adjusted by sender MBBL/mo	Volume to adjust MBBL/mo
Sender A	900	31	0.5	14.75	77.97	935	36
Sender B	1,200	26	1.0	11.69	74.90	1,195	(2)
Sender C	600	20	2.0	7.53	70.74	566	(34)
Total	2,700					2,700	-

(1) Relative value calculated for mix 11.79
(2) Average price of exportation of mix, August 2012 75.00

ANNEX 2: DEFINITION OF STANDARD BARRELS PER SYSTEM

Pipelines Ecopetrol	API MIX (°API)	VISCOSITY MIX, CsT ASTM D445@30°C
Coveñas - Cartagena	19,2	66,0
Galán - Ayacucho 18"	12,7	148,0
Ayacucho - Coveñas 16"	9,7	233,0
Vasconia - CIB	32,7	19,0
Apiay - Monterrey		
Línea Apiay Porvenir II 20"	18,4	238,3
Línea Apiay - Porvenir 16"		
Monterrey - Porvenir		
Línea Apiay Porvenir II 20"	18,4	238,3
Línea Apiay - Porvenir 16" (tramo en 12")		
Línea Monterrey - Porvenir 12"		
Línea Araguaney - Porvenir	25,0	32,3
Araguaney – Monterrey	28,5	14,0
Castilla – Apiay	18,4	238,3
Vasconia – Velásquez	25,0	32,3
Ayacucho - CIB 14"	28,3	23,0
Toldado Gualanday	22	45
Tello – Dina	24	45
Ayacucho Galán 8"	31,1	18,0
Caño Limón - Banadía OCC	29,2	25,0
Banadía - Ayacucho OCC		
Ayacucho - Coveñas OCC		
OTA (Orito - Tumaco)	29,5	18,0
OSO (San Miguel - Orito)		
OCHO (Churuyaco - Orito)		
OMO (Mansoya - Orito)		
Tibú Miramonte	45,0	185,0
Provincia Payoa	N.D.	N.D.
Casabe – Galán	21,0	N.D.
Yarirí - Comuneros	15,0	150,0
El Centro - Galán (La Cira Infantas - Casa Bombas 8)	N.D.	N.D.
Payoa – Galán	28,8	N.D.
Chichimene- Apiay	N.D.	N.D.
Gibraltar - Caño Limón	N.D.	N.D.

ANNEX 3: DESCRIPTION OF THE SYSTEMS

See File Annex 3 attached. Description of the Systems.

ANNEX 4: MINIMUM SPECIFICATIONS OF QUALITY PER SYSTEM

Pipelines Ecopetrol	Minimum Requirements Product Quality						
	Sediment and water or particles	API at 60° F	Viscosity @ the temperature of reference	Vapour Pressure	Receipt Temperature	Salt Content	Fluency Point
	Do not exceed X.X % in volume	Superior to XX° API but inferior to XX° API	Not exceed XXX cSt at XX°C	Not exceed XX pounds/ square inch. Reid Vapour Pressure	Not exceed XXX° F	Less than XX PTB	No more than XX °C
Coveñas - Cartagena	0,50%	>= 7° API for Fuel Oil >= 18° API for Crude and <= 40	<= 220 cst for Fuel Oil and <= 180 cst for Crude	11,00	90,00	14,00	N.D.
Galán - Ayacucho 18"	0,50%	>= 7° API for Fuel Oil >= 18° API for Crude and <= 50	<= 220 cst for Fuel Oil and <= 180 cst For Crude	11,00	120,00	15,00	N.D.
Ayacucho - Coveñas 16"	0,50%	>= 7° API for Fuel Oil >= 18° API for Crude and <= 40	<= 220 cst for Fuel Oil and <= 180 cst For Crude	11,00	90,00	14,00	N.D.
Vasconia - CIB	0,50%	>=18 y <=50	250	11,00	90,00	20,00	N.D.
Apiay - Monterrey							
Línea Apiay Porvenir II 20"	0,80%	>=18 y <=50	300	11,00	150,00	20,00	12,00
Línea Apiay - Porvenir 16"	0,80%	>=18 y <=50	300	11,00	150,00	20,00	12,00
Monterrey - Porvenir							
Línea Apiay Porvenir II 20"	0,80%	>=18 y <=50	300	11,00	150,00	20,00	12,00
Línea Apiay - Porvenir 16" (tramo en 12")	0,80%	>=18 y <=50	300	11,00	150,00	20,00	12,00
Línea Monterrey -	0,80%	>=18 y <=50	300	11,00	150,00	20,00	12,00

Porvenir 12"							
Línea Araguaney - Porvenir	0,50%	>=18 y <=50	300	11,00	120,00	20,00	12,00
Araguaney - Monterrey	0,50%	>=18 y <=50	300	11,00	120,00	20,00	12,00
Castilla - Apiay	0,80%	>=12 y <=18,5	300	11,00	185,00	5,00	N.D.
Vasconia - Velásquez	0,50%	>=40 y <=70	3,5	11,00	90,00	20,00	N.D.
Ayacucho - Cib 14"	0,50%	>=18 y <=50	<= 180 cst	11,00	120,00	15,00	N.D.
Toldado Gualanday	0,50%	>=19 y <=22	45	11,00	90,00	20,00	N.D.
Tello - Dina	0,50%	>=21 y <=24	45	11,00	90,00	20,00	N.D.
Ayacucho Galán 8"	0,50%	>=15 y <=50	<= 150 cst	11,00	120,00	15,00	N.D.
Caño Limón - Banadía OCC	0,50%	>=18 y <=50	300	11,00	120,00	20,00	12,00
Banadía - Ayacucho OCC	0,50%	>=18 y <=50	300	11,00	120,00	20,00	12,00
Ayacucho - Coveñas OCC	0,50%	>=18 y <=50	300	11,00	120,00	20,00	12,00
OTA (Orito - Tumaco)	0,50%	>=18 y <=36	N.D.	11,00	120,00	20,00	N.D.
OSO (San Miguel - Orito)	0,50%	>=18 y <=36	N.D.	11,00	120,00	20,00	N.D.
OCHO (Churuyaco - Orito)	0,50%	>=18 y <=36	N.D.	11,00	120,00	20,00	N.D.
OMO (Mansoya - Orito)	0,50%	>=18 y <=36	N.D.	11,00	120,00	20,00	N.D.
Tibú Miramonte	0,50%	>=32 y <= 45	< 185 cSt	11,00	N.D.	15,00	N.D.
Provincia Payoa	< 0,5%	N.D.	N.D.	11,00	N.D.	20,00	N.D.
Casabe - Galán	0,50%	>=18 y <=21	N.D.	11,00	N.D.	20,00	N.D.
Yarirí - Comuneros	0,50%	>=15 y <=50	< 150 cSt	11,00	120,00	15,00	N.D.
El Centro - Galán	N.D.	N.D.	N.D.	11,00	N.D.	N.D.	N.D.
Llanito- Galán	N.D.	N.D.	N.D.	11,00	N.D.	N.D.	N.D.
Payoa - Galan	0,27%	28,8	N.D.	11,00	N.D.	10,60	N.D.
Chichimene- Apiay	N.D.	N.D.	N.D.	11,00	N.D.	N.D.	N.D.
Gibraltar - Caño Limón	N.D.	N.D.	N.D.	11,00	N.D.	N.D.	N.D.

*, **, *** : for Crude

ANNEX 2

ECOPETROL
MANAGEMENT GUIDELINES FOR RECEIVABLES SERVICES
ECP-UTE-G-008

TABLE OF CONTENTS

1. OBJECTIVE

To define uniform guidelines for the management of service Receivables from ECOPETROL in order to mitigate the inherent risks in the sale of said services.

2. GLOSSARY

Credit Lines: This is a debt facility granted by ECOPETROL to a specific client. Approval of a credit line is an autonomous decision by ECOPETROL based on objective criteria such as the credit history of the client, its historical behavior on payments or the type of client according to the Internal Classification Chart. ECOPETROL at its sole judgment may suspend any credit line at any time without any legal or formal requirement to be fulfilled before the client.

Acceptable Guarantees: Payment mechanisms that provide collateral for payment issued by financial entities (financial guarantees), securities or instruments providing immediate liquidity for their realization. See Guidelines for the Management of Acceptable Guarantees ECP-UTE-G-006.

Other Services: includes all those provided to third parties such as provision of electricity, water, information network, leasing of tangible and intangible assets, machinery and tools among others.

Receivables Risk: Associated to the risk of credit [1], the Receivables risk concerning this document is defined as the potential inability to pay from clients requesting any type of services from ECOPETROL.

Services: Provision or execution that satisfies some necessity with a specific purpose. ECOPETROL provides industrial, technical, technological, research and transportation services among others.

Research Services: Research services applied to projects generally internal, with the Business Units.

Transportation Services: transportation services different from those defined by the Vice-presidency of supply and marketing (VSM) referred to transportation services of products delivered by pipeline.

Industrial Services: provision offering solutions given the infrastructure facilities of ECOPETROL, part of industrial services are the following:

Unloading Services: Services provided to exploration companies which must transport the oil produced in truck- by land from the production wells to a point in the pipeline system.

[1] The risk of credit is the possible loss assumed by an economic agent as a result of default in contractual obligations regarding the counterparties involved.

Filling Services: Services provided to client companies who, in order to take the refined products purchased at the plant, need to be connected to the product loading infrastructure in truck-tankers, identified as filling in.

Storage Services: services provided to client companies for storage of products owed by third parties in tanks owed by ECOPETROL.

Port Services: Use services of sea terminal facilities and necessary operations for a ship to carry out its task of product loading and unloading.

Technical Services: laboratory studies or tests, sample analyses, industrial laboratory, technical assistance and gas compression (agreements with gas transportation companies to provide gas compression services to gas going through the gas pipeline).

Technological Services: design and development of equipment, machinery and specialized products.

3. GENERAL CONDITIONS.

This document applies to those cases in which ECOPETROL acts as a seller or service provider and as a supplement to those contracts already signed and the regulations in force, notwithstanding anything to the contrary. This does not include anything in connection with transportation services associated to the commercialization of products derived from oil, propane gas and crude oils whose policy is defined by the Vice-presidency of supply and marketing in the reference documents for credit to clients.

3.1 Commercial Principles for Credit and Receivables Management.

Throughout all stages referred to the analyses, consideration of terms and commercial conditions, approval of credit facilities and client's follow-up, good faith, ethics, transparency, economy, responsibility, equity, planning, and customer service criteria shall prevail as described hereunder (those terms not defined in this numeral shall be given a meaning according to the law, otherwise they will have their natural and obvious meaning).

Ethics: all officers from ECOPETROL shall avoid any conflict between their personal interests and the interests from ECOPETROL when dealing with purchasers or any other person - natural or legal, national or foreign - who is making, or intends to do Business with ECOPETROL order with companies in which ECOPETROL has an interest directly or indirectly. In case of any conflict of interests, inabilities for incompatibilities, the officer from ECOPETROL shall refrain from participating in any manner in the respective act.

Transparency: decisions shall be made, based on objective criteria and clear and known rules.

Equity: all necessary measures to keep a healthy balance with the client, regarding terms and conditions of commercial, technical, economic and financial character shall be adopted in all transactions.

Planning: all commercial and credit procedures shall correspond to a careful planning to contribute in an efficient manner to fulfill the mission and achievement of ECOPETROL's objectives.

Economy: all resources used in the process of approving and managing Businesses shall be administered with a healthy criterion of austerity in means, time and expenses.

Customer Service: the rules set out in this document shall be applied by officers as a vehicle to expedite decisions and to conduct all commercial and credit procedures with efficiency and efficacy.

3.2 Analysis of Credit Quality of the Client

Considering the risks ECOPETROL is exposed to, ECOPETROL shall only negotiate with natural or legal persons of whom ECOPETROL has knowledge about their history in the market and their condition as users of services, consumers or traders of products in the oil sector.

The basic client's information shall provide answers to the questions asked hereunder and it is the responsibility of the Business Unit providing the service, which handles the relation with the client, to have clarity on the answers to the following questions:

- Who is the client?
- What reputation does it have in the market?
- What has been its history with ECOPETROL?
- What type of Business does it make?
- Does it have capacity to meet its commitments?

3.3 Internal Rating by ECOPETROL

3.3.1 Guidelines for the Analysis of the Client

For an appropriate decision-making it is required to have knowledge of the client and its activities.

In addition, it is mandatory to comply with the Prevention Manual for assets laundering.

In the client interested in buying to ECOPETROL any service, shall conduct through the Business Unit providing this service the registration process in the client's master database of ECOPETROL. The respective manager and/or director of the Business Unit must record the validation indicating that validation has been made in the restrictive listings on the client

- Any client applying for a line of credit must be subject to a preapproval from the Business Unit providing the service or the division of ECOPETROL in charge of conducting the credit analysis.
- The risk rating does not guarantee the approval of credit of confidence; ECOPETROL reserves the right of whether or not to approve such type of credit.
- All guarantees presented must be adjusted in their content to the stipulations of ECOPETROL, and must be issued by an entity equally accepted by the company.
- All documents in connection with the credit application must remain in ECOPETROL 's files, and as the case may be, those documents were the line of credit is awarded.
- In case of default by a client of any of the obligations undertaken with ECOPETROL, the Company reserves the right to whether or not accept a restructuring of the debt or to start a legal proceeding.
- Annually, or with less frequency depending on market conditions, an officer appointed by the Business Unit providing the service must conduct a follow-up, both to the credit quality as well as the line of credit assigned to each client, updating the risk rate before a Risk Rating Agency or by an Agency of Research Service, Collection and Processing of Credit and Company Information approved and accepted by ECOPETROL.

3.3.2 Modalities in which payments can be made

Payment commitments with ECOPETROL can be based on:

- Payments in advance
- Through credits of confidence
- By means of financial instruments of payment such as banking acceptance or commercial letter of credit.

The determination of the type of client is the responsibility of the Business Unit providing the service considering objective criteria such as its payment behavior and the current relation with ECOPETROL, in addition to the financial assessment conducted by a Risk Rating Agency.

Payments in Advance:

ECOPETROL may accept payments in advance from clients having liquidity and/or who would like to benefit from discounts that ECOPETROL may offer for the purchasing of specific services. Notwithstanding, each management office shall set out the discount policy for its line of services.

Payment in advance shall be requested to those who cannot offer any payment support through financial entities or offer collateral at satisfaction.

Credits of Confidence:

These are credits granted by ECOPETROL to clients with well recognized commercial and/or industrial history, or to clients that, even though they are new have proved financial strength in the oil sector and its derivatives, biofuels and energy products with an impeccable payment history, are classified in category 1 of internal rating Table 1 of these guidelines and execute promissory notes with letter or instructions in favor of ECOPETROL .

Impeccable payment history is understood as the client who has timely paid its obligations with ECOPETROL, or with any other agent with whom it as obligations within the payment terms set out in the bills, has acknowledged and paid all late interests resulting from any possible delays in payments, and no payment instrument has been made effective from any agent with whom it has obligations to support for its purchases.

A client shall lose access to credits of confidence when there is a default in a period of one calendar year in the payment of its commitments with ECOPETROL under the terms set out in the previous paragraph or when its rating falls below the Superior category.

Default shall be understood as the act of enforcing the guarantee or promissory note supporting the obligations undertaken with ECOPETROL, or when in a calendar year a notice has been delivered to the insurance company or banking entity for the execution of the guarantee, even if the client is in good standing on the date before making the policy effective.

Without prejudice of the foregoing, ECOPETROL reserves the right to whether or not approve a credit of confidence to a client, even if said client has obtained the highest rating based on Table 1 of these guidelines.

Likewise, a client of confidence may use, in addition to the credit of confidence, other financial instruments for payment and/or payment in cash.

Payment by financial instruments:

These are instruments for payment in cash or through credit in favor of ECOPETROL, issued by a financial entity on behalf of the client and limited to a particular transaction as indicated in the Guidelines for the Administration of Acceptable Guarantees ECP-UTE-G-006.

3.3.3 Clients with Acceptable Guarantee Created for the Purchase of Products.

For clients with a current line of credit with ECOPETROL for the purchase of products, the Business Unit providing the service shall request to the corresponding commercialization management to review with the legal department whether or not the guarantee provided covers the provision of the service, and if so, generate a memorandum to the Coordination of Receivables indicating the distribution of the line of credit for the sale of product and the sale of services. In any case, the arithmetic sum of the line of credit for the product and the line of service shall not exceed the total value of the guarantee provided by the client.

3.3.4 Clients of Leasing

For the clients of leasing, the leasing contract entered into is writ of execution, the Head of the Unit for Real Estate Management must request through a memorandum the line of credit to the Coordination of Receivables and Collections indicating the contract number, starting date, termination date, the amount of the leasing installment, and the value of the line of credit applied for, said memorandum shall indicate that the contract has approval from the legal area or attach approval from the legal office advising the Business Unit.

3.4 Process for Approval of a Line of Credit by ECOPETROL

The process for approving a line of credit by ECOPETROL is explained as follows:

3.4.1 Credit Application

Any client interested in purchasing through credit any product or service of ECOPETROL, shall carry out with the Business Unit providing the service an application for a line of credit and the client will be informed of the result of the Decision. If the decision is not approved, the client shall be informed of the reasons by which the same was not approved. Decisions in this sense shall be adopted based on objective criteria regarding terms and conditions of commercial, technical, economic and financial character and within the frame of current legal regulations.

3.4.2 Determination of the Credit Quality of the Client

The officer appointed by the Business Unit providing the service shall examine the content of the application form and request to the client or to a Risk Rating Agency or an Agency of Research Services, Collection and Processing of Credit and Company information, the Rating Certificate [2] in order to have the rating given by such Agencies. This Rating Certificate shall be attached to the application form if it is a new client or to the client's file in the central archives of ECOPETROL if it is a client already registered wishing to have a direct credit with ECOPETROL .

Based on the information described above, you'll consider appointed by the Business Unit providing the service shall examine and classify the client in the Table of Internal Rating for Clients of Services from ECOPETROL Table 1, taking as a basis (when there is more than one rating) the lowest rating given by a Risk Rating Agency or by Agencies Specialized in Credit. If the rating of obtained classifies the client as a superior client, at the latest 10 days after having the complete information from the client the officer appointed by the Business Unit providing the service shall fill out the application form for a line of credit for the approval of his/her Manager and or respective Director [3] in accordance with the template that appears in form ECP-UTE-005 Application Line of Credit Services.

With the purpose to classify ECOPETROL 's clients who wish to buy through credit after this document is in force, such clients shall be classified through the application of an internal general risk rating according to the methodology presented hereunder. Such classification shall be conducted and reviewed by each of the officers appointed by the Business Unit providing the service annually or from time to time but at least once a year or when the economic or market conditions or the financial situation of the company requires so.

The position of a client within the internal rating table shall be in accordance to table 1, whose categories have their equivalence with the risk rating given by rating agencies or by agencies specialized in credit analysis.

The foregoing shall not apply to: (i) bodies and state entities at different levels (central and decentralized) with whom ECOPETROL subscribes contracts for the sale of products and/or services provided there is a risk assessment of Receivables for the respective entity duly authorized and/or (ii) companies associated with ECOPETROL in oil production fields, associated through collaboration, participation, strategic alliances and joint venture contracts, these companies shall subscribe a promissory note with a letter of instructions to ensure their payment obligations, however, in this case the Manager and/or Director of the Business Unit providing the service shall assess the pertinence of requesting an acceptable guarantee (policy, bank collateral, etc.) to ensure the payment obligations in lieu of the promissory note with letter of instructions.

[2] Risk Rating Agency or by Agencies of Research Services, Collection and Processing of Credit and Company Information approved by the Vice-presidency of corporate finance of ECOPETROL .

[3] Managers and Directors shall have 10 calendar days to make a decision. Reviews of lines of credit shall be approved for up to 12 months.

Table 1

INTERNAL RISK RATING FOR CLIENTS OF SERVICES OF ECOPETROL [4]

Rating	Definition	Description	Equivalence (Credit Risk in the Short Term
1	Superior	Wide and strong capacity to meet commitments. Minimum risk. May be defined as a client of trust. Sufficient requesting a promissory note with letter of instructions [5]. For larger lines of credit the respective manager and/ or director may increase the lines up to 100% of the lines approved with previous authorization from the corresponding vice-president of the Business Unit providing the service. The line of credit conservative and liberal recommended by risk rating agencies shall be understood as an indication and does not oblige ECOPETROL with the client, or the respective manager to use this as a ceiling for the approval of the line of credit at the time of defining a line of credit for a client of confidence.	**Duff / Phelps (D&P):** DP to DP1 **BRC Investors Services (BRC):** BRC 1 to BRC 1 **Byington:** 1 to 2 **BPR Asociados (BPR):** A (1.00-1.50) **Bureau Veritas:** 1
2	Average Superior	Sufficient capacity to fulfill commitments. Low risk.	**D&P:** DP1- **BRC:** BRC 2 **Byington:** 2.1 to 2.9 **BPR:** B(1.51-2.00) **Bureau Veritas:**2

[4] Comments and considerations included by the risk rating agency in its report about a company are understood as already included in the rating given by the risk rating agency, in that sense the same shall not affect again either in a positive or negative manner the rating issued and shall not be taken into account in the analysis conducted by Management at the time of considering, approving or rejecting credit applications.

[5] New clients with rating risks equivalent to superior level (1) and without purchasing records with ECOPETROL may be considered as clients of confidence with previous approval from the vice president of the Business Unit providing the service and the line of credit shall be established by said officer.

3	Average	Acceptable capacity to fulfill commitments. Medium risk.	**D&P:** DP2 **BRC:** BRC 2 **Byington:** 3 to 3.4 **Byington (N)**[6]**:** 3 to 3.4 **BPR:** C(2.01-2.50) **Bureau Veritas:**3
4	Average Inferior	Capacity to fulfill commitments; uncertain performance. High risk.	**D&P:** DP3 **BRC:** BRC 3 **Byington:** 3.5 to 4.0 **Byington (N):** 2.1 to 3.0 **BPR:** D(2.51-2.75) **Bureau Veritas:**4
5	Low Quality	Uncertainty or inability to fulfill commitments. High risk.	**D&P:** DP4 or below **BRC:** BRC 4 or below **Byington:** 4.1 to 5.0 **Byington (N):** 3.1 to 4.5 **BPR:** D(2.76-3.00) **Bureau Veritas:**5

Clients whose internal rating is level 1 (superior) according to the table above, in order to have a line of credit shall not offer acceptable guarantees issued by third parties in favor of ECOPETROL as indicated in Table 1. Instead, they shall subscribe a promissory note with a letter of instructions as support for their payment obligations. In any case, it is understood that clients of confidence shall only be limited to a number of recognized companies.

[6] **Byington (N)** corresponds to companies recently created.

Those clients offering acceptable guarantees to support their purchases, shall not require a risk rating from any risk rating agency acknowledged and accept it by ECOPETROL because the risk is assumed by the guarantor. The contents and the type of guarantee shall be fully adjusted to the minimum characteristics required by ECOPETROL, and the same shall be issued by entities accepted by the company through the listing of acceptable companies for such purpose issued by the vice-presidency of corporate finance.

Clients classified in level 5 shall be those without a rating or analysis by specialized agencies in credit analysis. Those clients shall require acceptable guarantees contained in the guidelines for administration of acceptable guarantees ECP-UTE-G-006.

ECOPETROL reserves the right not to sell through credit to any client, regardless of whether or not it is in capacity to provide guarantees or securities, and therefore the amount of the purchases shall be a cash or in advance.

A client classified as Superior may make purchases in cash and/or complement the line of credit awarded with acceptable guarantees in favor of ECOPETROL.

For guarantees in US dollars, in case the guarantee is made effective, the payment shall be at the representative market exchange rate (TRM) valid on the day of payment of the guarantee.

3.4.3 Officers Authorized for the Analysis and Consideration of Lines of Credit.

The officer appointed by the Business Unit providing the service shall be in contact and permanent interaction with the client, shall determine the credit quality of the same through the report from the risk rating company, shall process the application and review from time to time the lines of credit, and shall provide support to the vice-presidency of corporate finance in the handling of Receivables.

Upon classification of the client in the internal rating table of ECOPETROL, and if and any station of the maximum they were a specific client. is no information that prevents the processing of the application or that would imply any risk in the performance of the obligations that the client may undertake with ECOPETROL, the approval of the client shall be established by filling out the form, Application for a Line of Credit contained in Form ECP-UTE-F-005 Application for a Line of Credit for Services.

Each manager and/or director shall have the responsibility to consider, approve or reject in a justified manner, all credit applications filled out by the clients, which should be recorded in the forms defined for such purpose, or otherwise in the electronic mails which shall be equally valid as the other forms and shall be printed and delivered to the central archives of ECOPETROL to the file opened for each client.

The lines of credit recommended by the risk rating company and/or approved are strictly of internal character and an indication of the maximum debt of a specific client.

3.4.4 Amounts above the Ceilings Approved in Lines of Credit

When a client has reached the maximum debt approved, within the term of the validity of the lines of credit and temporality requires [7] from additional services not exceeding beyond 100% the amount of the line of credit, the respective manager and/or director may approve at his sole discretion this higher debt, provided however, that the same are covered with an extension of acceptable guarantees originally issued to have access to the credit facility.

3.5 Acceptable Guarantees.

- ECOPETROL shall not make any sales on credit to clients not providing acceptable guarantees except for those clients with internal rating Superior (clients of confidence) or who have been considered in numeral 3.4.2 of this guideline.
- For the provision of services only guarantees offering endorsement of payment by financial entities will (financial guarantees) shall only be accepted, or those representing securities or instruments that guarantee immediate liquidity when realized. [8]
- The coverage of the guarantees or the amount of financial instruments for payment must be sufficient to cover eventual increases in the price of services.
- Guarantees in foreign currencies may be accepted (dollars of the United States of America or any other currency) pursuant to the current foreign exchange regulations. If guarantees are in a foreign currency are made effective, they shall be registered in the central bank in order to convert them in the equivalent of the market representative exchange rate from peso with respect to the dollar on the day of payment of the guarantee. Guarantees in currencies different than the US dollar, in order to be accepted, shall require approval from the vice presidency of corporate finance.
- Only guarantees established in the guide for administration of acceptable guarantees ECP-UTE-G-006 shall be acceptable.
- Guarantees received by the respective management offices shall be previously reviewed and approved by the legal office advising on the same. The standardization and updating of the respective forms shall be under the responsibility of the legal vice presidency.

[7] For a maximum period of three months, renewable with previous approval from the vice president of the corresponding Business area

[8] Enforced and executed at the latest 30 days after default, and only in the event of a pledge on CDs.

- Acceptance of any other type of guarantee established in the Contracting Manual shall require approval from the respective manager and/or director with previous approval from the legal vice presidency.

3.6 Follow-up.

To the extent that the updating of the rating provided by the risk rating agencies or by agencies specialized in credit implies a higher risk for ECOPETROL , or if default in the payments by clients occur, the conditions of the relation with the clients shall be reviewed, in particular, those having to do with the requirement or improvement of the specific guarantees.

The same exercise shall be conducted through the vice presidency of corporate finance with financial entities guaranteeing obligations in favor of ECOPETROL .

Particular attention is given to those clients classified in categories of the internal rating table not requiring any specific guarantee and the superior clients. Those clients shall be monitored through the updating of the ratings given by specialized agencies in credit or risk rating agencies. The period for obtaining such reports shall be a least annually. Based on the results of the updated information, the vice presidency of corporate finance shall adjust the internal rating of the client and shall review the payment conditions originally approved.

The updating of the ratings for clients shall not be conducted before the month of March each year because the financial statements of the previous year have not yet been disclosed before the respective entities of vigilance and control, and from which official data for studies are taken. Therefore, if the study mentioned falls during the first three months of the year, the current rating shall be applied until the last day of the month of March of the current year.

Notwithstanding the foregoing, if the promissory note and that was the letter of instructions has completed one year, said documents must be updated for this period and the subsequent ratification or denial of the credit granted by ECOPETROL.

3.7 Managing the Relation with the Client that Buys on Credit.

In the commercialization of services, ECOPETROL must observe the norms, mercantile and credit customs, collect Receivables in a timely manner, assess any Receivables in default from time to time, and record in its financial statements any provisions and write-offs as they may apply, pursuant to the provisions in the document hereof.

Each sale of services, depending on each specific case, must be instrumented in writing either through a buy-sell contract, a supply contract, or commercial offer, or registered in an invoice or an equivalent in document.

Each invoice shall detail the value of services and taxes, pursuant to the law and applicable regulations. Invoicing prices are those current prices on the date of sale or provision of services and may change without previous is notice.

Commercial invoices shall be issued in two original counterparts of the same content with writ of execution [9]. One of them for the client and the other duly signed by the client in signal of acceptance destined to ECOPETROL. This copy shall remain with the appropriate custody in the files of ECOPETROL for collection and eventual discount of the instrument in the secondary market.

3.7.1 Sale Prices and Terms

These correspond to the policies already designed for each Business Unit providing the service regarding sale prices and terms, which must be in accordance with those set out by the presidency of the company and the manual of delegations – MAD.

3.7.2 Claims and Discrepancies in Invoicing

In those cases in which there may be claims by clients due to differences in price and/or terms duly justified, under the judgment of the Business Units in charge of handling the client it must be the determined the viability of the claim and adopt the pertinent decision in a reasonable period of time in accordance with the complexity of the discrepancy. To resolve any discrepancies, each of the parties shall deliver to the other, a copy of the documents supporting the invoice and the claim. The review process of any claims shall be in accordance with the provisions in each contract for the provision of services entered into between the parties.

Any disagreement regarding any invoice does not exempt the buyer from its obligations to pay the non-disputed portion of said invoice or any other invoice.

If the claim is resolved favor of ECOPETROL, having the client omitted payments on services rendered and invoiced by ECOPETROL, the buyer is obliged to pay a sanction for default on the amounts not paid within the term established, at the highest late interest rate established by the Superintendence of Finance of Colombia or whoever replaces it.

If the buyer has made payments in excess, ECOPETROL shall credit the same to the next due date or make the corresponding reimbursement after clarification of the amount under discrepancy.

[9] A carbon copy being valid

3.8 Collection of Receivables

The Business Unit providing the service with the support of the Coordination for Receivables and Collections, shall control any payments for Receivables as well as the actions are collections derived from the sale or provision of services and will be responsible for collecting any late interests (as they may apply) and any verification of accounts with the client.

3.9 Guarantees Delivery and Custody

With previous approval from the legal area and after the guarantees have been reviewed and accepted by the commercialization areas, they shall be delivered for custody to the Coordination of Receivables. The custody and collection of guarantees is responsibility of the ordination of Receivables and collections, and all security measures shall be taken to keep guarantees in a safe place. Before a guarantee is received for custody, the Coordination of Receivables shalt make sure that it has the approval from the legal area and the dates of validity.

In addition, the Coordination for Receivables shall be responsible for the integrity of the documents and shall adopt measures to prevent access to places established for custody to non-authorized personnel. In the event that a client fails to perform the requirements from Receivables, the collection of the guarantee shall be made within the terms established for such purpose and each of the reported to the respective Business Unit providing the service to discontinue the provision of such services.

In those cases in which it applies, the guarantees once they have been reviewed and approved by the legal area assigned to the Business Units providing the service and accepted by the respective management office, they shall be delivered for custody to each of the managers and/or directors through a memorandum, to the Coordination of Receivables and collections from the Treasury Unit responsible for the corresponding record in SAP and of its collection if necessary. ECOPETROL through the Business Unit providing the service shall immunity suspend any credit or cash sales, to clients to whom the execution of guarantees has started until a certificate of good standing is received from the Coordination are Receivables and a new guarantee acceptable to ECOPETROL is presented.

The Coordination of Receivables and collections shall adopt all security measures to keep the guarantees in a safe place.

The Coordination of Receivables and collections of the Treasury Unit shall update and activate in an individual manner in SAP each guarantee for the corresponding area of credit control; indicating "the limit authorized" which becomes a rotatory limit in pesos authorized for the provision of services and establishing that period of time in which the limit of credit shall be covered with the guarantee, taking into account the term of the credit given to the client for the provision of the service (5, 15 or 30 days).

3.10 Late Interests

The payment of Receivables by clients after the due date generates a late interest as a sanction. Late interests are a applicable without exception to all kinds are Receivables handled by ECOPETROL. Late interests shall be calculated on any overdue balances and in proportion to the time lapsed from the date in which the payment should have been made until that date in which it is actually made.

The record of these interests shall be under the responsibility of the Coordination of Receivables and collections; control and collection activities shall be the responsibility of the Business Unit providing the service, which may check these charges through consultations to the account statement of the client in the SAP integrated information system.

Any payment made by a client in accordance with the provisions in the Colombian Civil Code in its article 1653, except as otherwise agreed, when principal and interests are owed, payment shall apply first to interests and then to principal. Late interests are not forgivable, the General Controller of the country has issued several opinions denying this prerogative based on the constitutional principle by which public servants can only do whatever the law and the Constitution allows. Currently there is no regulation that allows cancellation of interests by public entities such as ECOPETROL.

ECOPETROL in each of its invoices shall indicate that the interest rate to be charged as late interest for the payment is the highest monthly rate allowed by the Superintendence of Finance or whoever replaces it (the Treasury Unit shall communicate the late interest rate to be applied for each period).

For invoices or bills issued in US dollars an interest rate in dollars in equivalent to the Prime rate +2 percentage points shall be applied (Prime +2%). The resulting amounts shall be converted into pesos at the market representative exchange rate (TRM) valid on the date of payment.

If the due date of the invoice falls on Saturday, Sunday or in a holiday, the payment may be made on the following Business day and said payment shall not generate any late interest. If a client pays after the first Business day, the calculation for late interest shall be made from the due date of the invoice

The charging of interests shall be made through a bill addressed to the client, which shall contain a Receivables statement on which interests are calculated.

3.11 Collections Management

When an invoice or bill is not collected within the due dates or payment has been made partially, the collection action shall start immediately by the Business Units providing the service and the Coordination of Receivables and collections.

The Coordination of Receivables and collections shall proceed to make effective the sources of payment and guarantees, in case of clients covered by financial collateral who have not made full or partial payments of all their obligations represented in the sale invoices within the due dates in accordance with the terms established in said invoices, with the support of their respective Business Unit and legal counsel.

For such purposes, the loss shall be reported to the insurance company (in case there is a policy covering the default), the documentation required shall be presented before the banking entities (bank guarantees, bank acceptances or letters of credit), the client shall be contacted in the case of a promissory note and in the case of guarantees, they shall be made effective before the corresponding entity in order to collect any overdue amounts together with late interests.

3.11.1 Starting Legal Actions to Collect Overdue Balances

If a client fails to make a payment within the normal process of collection and all instances have been used before going to court without any positive results, in a peremptory term of 90 days, the Business Units providing the service must request to the respective legal advising Unit to carry out collection actions pursuant to the provisions in the applicable regulations.

For such purpose, the respective Business must prepare and deliver the following documentation to the legal area:

- A request memorandum indicating actions undertaken by the Business Unit providing the service and the Coordination of Receivables and collections to obtain recovery of money owed.
- Documents supporting the credit in favor of ECOPETROL (invoices or promissory notes).
- Copies of all correspondence held with the client.
- Copy of the contract or certificate for the provision of services.

3.11.2 Modifications in the Long Term.

In the event that under special circumstances a client is late in meeting its obligations with ECOPETROL and does not have immediate payment capacity, upon request, the Business Units providing the service may request to the Head of the Treasury Unit of ECOPETROL, attaching the commercial and legal analysis of the client, an authorization for the extension of the term of the credit, and this financing shall not cause an impairment of the guarantee in the force in favor of ECOPETROL.

Without prejudice of the foregoing, ECOPETROL reserves the right to request an acceptable guarantee that allows covering a higher risk for the extension of the term for the payment. The interest rate for the refinancing term shall be in accordance with the conditions of the financial market.

Clients under legal proceedings to recover any amounts in favor of the company may be eligible for refinancing when lacking any property or liquid guarantees executable in favor of ECOPETROL.

In the case of individual agreements, the interest rate for the refinancing period must be associated with the opportunity cost of ECOPETROL as indicated by the Treasury Unit of the vice presidency of corporate finance. The amortization of the debt in default shall be applied first, to sanctions and late interests, second, to current interests and third, to the principal. The mentioned option for refinancing if adopted by ECOPETROL, must offer better expected results than those continuing under the legal proceeding or execution of guarantees.

Any refinancing must be subject to the approval of the Head of the Treasury Unit with the previous commercial, financial and legal analysis.

3.12 Restructuring by General Agreements.

ECOPETROL may participate in payment agreements of clients with their creditors, under modalities aimed to ensure the maximum collection of their Receivables in terms of present value as indicated hereunder:

Restructuring Agreement under Law 550 or reorganization agreements under Law 1116 of 2006 (company insolvency). Regarding the guarantees in the proceedings to prevent bankruptcy, creditors still governed under Law 550/1999 (that is, territorial entities, decentralized entities and state universities at the national or territorial level) have the power to inform the promoter within the following ten (10) days after starting the negotiation, if the decision is only to make the guarantee effective without waving their right to obtain from the debtor the payment of the obligation under default pursuant to the paragraph of article 14 of said Law. In those cases, ECOPETROL through the vice presidency of corporate finance and the respective manager and/or director shall inform the Promoter if the guarantee will be made effective. Furthermore, Law 1116 of 2006 did not include the provision of the foregoing paragraph, instead, in article 43 the Law regulated the issue of real estate guarantees within the process of insolvency, and therefore the power to make them effective was suspended, save by authorization of all creditors to wave said limitation. Said decision shall be made with an absolute majority and included within the Agreement. Thus, the creditor may present in the proceedings, together with its debt, the guarantee covering it and a request to make it effective, or else wait the development of the proceeding, and if terminated by breaching, the enforceability will be then “reactivated”.

Provision of services to clients with whom global payment agreements have been executed or under Law 550/99 or Law 1116/06 shall only be made under the modality of payment in advance. Interests in favor of ECOPETROL derived from individual refinancing processes or restructurings cannot be cancelled. Presently there are no regulations that allow the cancellation of interests by public entities such as ECOPETROL.

All refinancing shall be subject to approval by the respective manager and/or director with previous approval from the vice presidency of corporate finance and after a commercial, financial and legal analysis; and evidence of economic support.

3.13 Provision for Accounts Receivable [10]

The calculation for the provision shall correspond to a technical evaluation (individual study based on the factors previously described) that will allow to determine the contingency of loss or risk for non-collecting the right. Based on this the recording of an individual provision shall be made.

Accounting Provision: The Coordination of Receivables and collections together with the officers responsible for the management the Business Units providing this service shall conduct an individual analysis of Receivables in default to determine which accounts are considered un-collectible, and based on that, make the recording of an individual provision. To do this, the manager and/or director of the Business Unit of providing the service must submit a memorandum requesting the recording of the corresponding provision.

Fiscal Provision: For purposes of this provision, Receivables are classified by seniority and are calculated according to the percentages set out by tax regulations. Any of the two methods indicated hereunder may be applied as a deduction for the provision:

- Individual: four debts between 12 and 24 months (33%), between 24 and 36 months (66%) and over 36 months (99%).
- General: the corresponding percentages are applied depending on the seniority of their Receivables. (5% 3-6 months; 10% 6-12 months; 15% over 12 months).

[10] Defined according to the contingency of loss of the rights to be collected as a result of the degree of seniority, default, prescription, and collection action through legal means; the provision includes the amount estimated as uncollectable.

3.14 Receivables Write-offs

Accounts Receivable classified as lost or uncollectible, and upon which all procedures for collection have been conducted and with a provision of 100% are subject to a request for a write-off pursuant to the provisions in the MAD.

Accounts Receivable classified as lost or uncollectible, whose value does not exceed 150 (SMLMV) (current monthly minimum legal wage) and upon which all procedures for collection have been conducted and with a provision of 100% are subject to a request for a write-off by the Coordinator of Records and Analysis of Accounts Payable if their value is between 1 and 70 monthly minimum legal wages, and by the Head of the Unit of Accounting and Tax Information if their value is between 71 and 150 monthly minimum legal wages upon exhaustion of all legal and other instances by the Business Unit generating it and the legal vice presidency. When Accounts Receivables classified as lost or uncollectible exceed 180 monthly minimum wages, its write off must be authorized by the Board of Directors upon exhaustion of instances such as: current collection, execution of guarantees and previous legal collection.

It is understood as debt that is lost and without any value, all that debt whose collection is not possible to make it effective due to insolvency of debtors and guarantors as a result of lack of property guarantees or by any other cause that allows them to be considered as currently lost according to commercial practices. This definition includes those accounts receivable of less value whose collection procedures is significantly more onerous than the write-off of said debt.

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ANNEX 3

INSURANCE ONLY POLICY OF PERFORMANCE FOR STATE CONTRACTS IN FAVOR OF ECOPETROL S A

INSURANCE ONLY POLICY OF PERFORMANCE FOR STATE CONTRACTS IN FAVOR OF ECOPETROL S A

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ANY DEFAULT IN PAYMENT OF THE POLICY PREMIUM, THE CERTIFICATES OR ANNEXES ISSUED BASED ON SAID POLICY, SHALL NOT GENERATE THE AUTOMATIC TERMINATION OF THE CONTRACT, WITHOUT PREJUDICE OF THE RIGHT UNDER THE NAME OF THE INSURER TO REQUEST PAYMENT OF THE PREMIUM AND ANY EXPENSES CAUSED AS A RESULT OF THE ISSUANCE OF THE CONTRACT, ALL THESE PURSUANT TO THE PROVISIONS IN THE FINAL PARAGRAPH OF NUMERAL 19 OF ARTICLE 25 OF LAW 80, 1993.

INSURANCE ONLY POLICY OF PERFORMANCE FOR STATE CONTRACTS IN FAVOR OF ECOPETROL S A

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INSURANCE ONLY POLICY OF PERFORMANCE FOR STATE CONTRACTS IN FAVOR OF ECOPETROL S A

_____, A COMPANY LEGALLY ESTABLISHED IN COLOMBIA AND DULY AUTHORIZED BY SUPERINTENDENCE OF FINANCE OF COLOMBIA TO OPERATE IN THE COUNTRY, WHICH, HEREINAFTER SHALL BE CALLED THE INSURER, GRANTS IN FAVOR OF ECOPETROL S A, HEREINAFTER CALLED ECOPETROL, THE INSURED AND BENEFICIARY ENTITY, THE COVERAGE SPECIFIED IN THE FRONT PAGE OF THIS POLICY SUBJECT IN ITS SCOPE AND CONTENT TO THE GENERAL AND PARTICULAR CONDITIONS THERETO WITHOUT EXCEEDING THE CORRESPONDING INSURED AMOUNT, PURSUANT TO THE PROVISIONS IN ARTICLE 1079 OF THE COLOMBIAN CODE OF COMMERCE ACCORDING TO THE DEFINITIONS AND SCOPE OF THE RESPECTIVE COVERAGE DESCRIBED HEREUNDER:

SECTION I: COVERAGE

1. COVERAGE FOR SERIOUSNESS OF THE BID

BY MEANS OF THIS COVERAGE ECOPETROL IS PROTECTED AGAINST ANY EQUITY DAMAGE CAUSED BY THE BIDDER AS THE RESULT OF ANY BREACHING ONCE THE CONTRACT HAS BEEN AWARDED AND FROM ANY OF THE OBLIGATIONS AND NECESSARY REQUIREMENTS FOR THE EXECUTION, PERFECTION AND A COMMENCEMENT OF THE SAME, AND MORE SPECIFICALLY AS A RESULT OF ANY DEFAULT ON THE OBLIGATIONS TO ENTERED INTO AND TO PERFECT THE CONTRACT UNDER THE TERMS IN WHICH THE BID HAS BEEN PRESENTED AND PROVIDE IN THE APPROPRIATE MANNER ANY PERFORMANCE POLICY OR BANK COLLATERAL REQUIRED TO COMPLY WITH THE SAME. ALL OF THIS, PURSUANT TO THE PARAMETERS SET FORTH IN THE SELECTION PROCESS AND ALL OTHER CONDITIONS REQUIRED BY ECOPETROL.

THE AMOUNT INSURED ESTABLISHED FOR THE COVERAGE OF SERIOUSNESS OF THE BID HAS PUNITIVE OR PENALTY IMPLICATIONS AND CONSTITUTES AN ADVANCE ASSESSMENT OF DAMAGES.

2. COVERAGE FOR ADVANCEMENT

THIS COVERAGE GUARANTEES THE REIMBURSEMENT TO ECOPETROL OF THE FUNDS AND GOODS GIVEN TO THE CONTRACTOR AS AN ADVANCE FOR THE EXECUTION OF THE CONTRACT IF SAID CONTRACTOR HAS MADE INAPPROPRIATE USE OF SAID FUNDS.

IT SHALL BE UNDERSTOOD THAT THERE HAS BEEN INAPPROPRIATE USE OF THE FUNDS OR GOODS GIVEN IN ADVANCE, IN THE EVENT THAT SUCH FUNDS OR GOODS HAVE NOT BEEN USED FOR THE PURPOSE FOR WHICH THEY WERE GIVEN AT THE BEGINNING OR DURING THE DEVELOPMENT OF THE EXECUTION OF THE CONTRACT WHICH INCLUDES NO-REIMBURSEMENT, AS IT MAY APPLY.

THIS COVERAGE DOES NOT EXTEND TO THE USE OF FUNDS GIVEN AT PREPAYMENT TO THE CONTRACTOR. THIS RISK SHALL ALSO BE COVERED IN THE EVENTS AS THEY MAY APPLY AS DEFINED HEREUNDER.

3. COVERAGE FOR PREPAYMENT

THIS COVERAGE GUARANTEES THE REIMBURSEMENT TO ECOPETROL BY THE CONTRACTOR OF ANY BALANCE CORRESPONDING TO THE DIFFERENCE BETWEEN THE TOTAL AMOUNT RECEIVED BY THE CONTRACTOR AS PREPAYMENT AND ANY AMOUNT CORRESPONDING TO THE PORTION PERFORMED OF THE CONTRACT.

THEREFORE, IF THE CONTRACT IS PARTIALLY PERFORMED, ANY REIMBURSEMENT AS IT MAY APPLY SHALL BE CALCULATED DEDUCTING FROM THE FULL AMOUNT GIVEN BY ECOPETROL TO THE CONTRACTOR AS THE PREPAYMENT, THE AMOUNT CORRESPONDING TO THE REMUNERATION OR PAYMENT OF THE PERFORMED PORTION OF THE CONTRACT.

4. COVERAGE FOR PERFORMANCE OF THE CONTRACT

THIS COVERAGE PROTECTS ECOPETROL AGAINST ANY EQUITY DAMAGE SUCH AS GENERAL DAMAGE AND LOSS OF PROFITS RESULTING FROM ANY BREACHING ATTRIBUTABLE TO THE CONTRACTOR ON ANY OF THE OBLIGATIONS ARISING FROM THE GUARANTEED CONTRACT.

THIS COVERAGE COMPRISES ANY FINES AND THE AMOUNT OF THE PENALTY CLAUSE IF ENFORCED. THE TOTAL INDEMNITY SHALL NOT EXCEED IN ANY CASE THE AMOUNT INSURED SET FORTH FOR SAID PURPOSE.

5. COVERAGE FOR THE PAYMENT OF SALARIES, FRINGE BENEFITS AND INDEMNIFICATION

AS PROVIDED IN ARTICLE 34 OF THE COLOMBIAN CODE OF LABOR, THIS COVERAGE PROTECTS ECOPETROL AGAINST THE RISK OF DEFAULT BY THE CONTRACTOR ON ANY LABOR OBLIGATIONS ACQUIRED BY SAID CONTRACTOR WITH PERSONNEL USED IN THE EXECUTION OF THE CONTRACT BEING THE PURPOSE OF COVERAGE UNDER THIS POLICY.

THE INSURANCE COMPANY SHALL MAKE THE PAYMENTS TO THE EXTENT THAT EACH OF THE WORKERS DEMONSTRATES THEIR RIGHTS AND THE AMOUNT INSURED SHALL BE DECREASING TO THE EXTENT THAT PAYMENTS ARE BEING MADE UNTIL COMPLETION, IF SUCH IS THE CASE.

6. COVERAGE FOR STABILITY OF WORKS

THIS COVERAGE PROTECTS ECOPETROL AGAINST ANY EQUITY DAMAGE INCLUDING LOSS OF PROFITS RESULTING FROM ANY IMPAIRMENT THAT, UNDER NORMAL CONDITIONS OF USE, SUFFERS ANY OF THE GOODS BUILT OR MANUFACTURED BEING THE PURPOSE OF THIS CONTRACT, FOR THE ACTIONS OR OMISSIONS ATTRIBUTABLE TO THE CONTRACTOR DERIVED FROM DEFICIENCIES IN THE EXECUTION AND COMPLIANCE WITH CONTRACT AND DETECTED AFTER THE TERMINATION AND DELIVERY OF THE SAME.

THIS COVERAGE SHALL START TO BE IN FORCE AFTER THE ISSUANCE OF THE MINUTES OF THE DELIVERY OF WORKS DULY COMPLETED WITH THE RESPECTIVE RECORD OF RECEPTION AT SATISFACTION BY ECOPETROL.

7. COVERAGE FOR QUALITY OF EQUIPMENT PROVIDED

THIS COVERAGE PROTECTS ECOPETROL AGAINST ANY EQUITY DAMAGE INCLUDING LOSS OF PROFITS RESULTING FROM ANY IMPAIRMENT THAT, UNDER NORMAL CONDITIONS OF USE, SUFFERS ANY OF THE GOODS BEING THE PURPOSE OF THIS CONTRACT, FOR THE ACTIONS OR OMISSIONS ATTRIBUTABLE TO THE CONTRACTOR DERIVED FROM THE DEFICIENT QUALITY OF THE GOODS OR EQUIPMENT PROVIDED IN ACCORDANCE WITH THE TECHNICAL SPECIFICATIONS AGREED IN THE CONTRACT AND DETECTED AFTER THE TERMINATION AND DELIVERY OF THE SAME.

THIS COVERAGE SHALL START TO BE IN FORCE AFTER THE ISSUANCE OF THE MINUTES OF THE DELIVERY OF THE EQUIPMENT PROVIDED DULY COMPLETED WITH THE RESPECTIVE RECORD OF RECEPTION AT SATISFACTION BY ECOPETROL.

8. COVERAGE FOR PROPER OPERATION OF EQUIPMENT

THIS COVERAGE PROTECTS ECOPETROL AGAINST ANY EQUITY DAMAGE INCLUDING LOSS OF PROFITS RESULTING FROM ANY DEFICIENCIES IN THE OPERATION THAT, UNDER NORMAL CONDITIONS OF USE, SUFFERS ANY OF THE EQUIPMENT PROVIDED TO INSTALLED IN THE DEVELOPMENT OF THE CONTRACT, FOR THE ACTIONS OR OMISSIONS ATTRIBUTABLE TO THE CONTRACTOR DERIVED FROM THE DEFICIENT QUANTITY OR IMPROPER INSTALLATION OF THE SAME IN ACCORDANCE WITH THE TECHNICAL SPECIFICATIONS AGREED IN THE CONTRACT AND DETECTED AFTER THE TERMINATION AND DELIVERY OF THE SAME.

THIS COVERAGE SHALL START TO BE IN FORCE AFTER THE ISSUANCE OF THE MINUTES OF THE DELIVERY OR INSTALLATION OF THE EQUIPMENT PROVIDED WITH THE RESPECTIVE RECORD OF RECEPTION AT SATISFACTION BY ECOPETROL.

9. COVERAGE FOR QUALITY OF SERVICE

THIS COVERAGE PROTECTS ECOPETROL AGAINST ANY EQUITY DAMAGE INCLUDING LOSS OF PROFITS ATTRIBUTABLE TO THE CONTRACTOR RESULTING FROM NONCOMPLIANCE OR DEFICIENT NON-COMPLIANCE WITH THE SPECIFICATIONS AND REQUIREMENTS OF THE SERVICE CONTRACTED BY ECOPETROL PURSUANT TO THE TERMS AND CONDITIONS DEFINED IN THE CONTRACT GUARANTEED AND IDENTIFIED IN THE PARTICULAR CONDITIONS OF THIS POLICY.

THIS COVERAGE SHALL START TO BE IN FORCE AFTER THE ISSUANCE OF THE MINUTES OF THE DELIVERY OF THE SERVICE CONTRACTED WITH THE RESPECTIVE RECORD OF RECEPTION AT SATISFACTION BY ECOPETROL.

10. COVERAGE FOR THE PROVISION OF SPARE PARTS AND ACCESSORIES

THIS COVERAGE PROTECTS ECOPETROL AGAINST ANY EQUITY DAMAGE INCLUDING LOSS OF PROFITS ATTRIBUTABLE TO THE CONTRACTOR RESULTING FROM NONCOMPLIANCE WITH THE PROVISION OF SPARE PARTS AND ACCESSORIES PURSUANT TO THE STIPULATIONS IN THE CONTRACT.

THIS COVERAGE SHALL START TO BE IN FORCE AFTER THE ISSUANCE OF THE MINUTES OF TERMINATION OF THE CONTRACT WITH THE RESPECTIVE RECORD OF RECEPTION AT SATISFACTION BY ECOPETROL.

11. OTHER COVERAGE

THE INSURANCE COMPANY SHALL PROVIDE TO ECOPETROL ALL OTHER COVERAGE AS DETERMINED IN THE FRONT PAGE OR IN THE ANNEXES ISSUED TO THE POLICY HEREOF.

PARAGRAPH; THE LISTED COVERAGE IS INDEPENDENT FROM ONE ANOTHER REGARDING THE COVERAGE PROVIDED AND THE AMOUNT INSURED. THEREFORE, THEY ARE MUTUALLY EXCLUSIVE AND NON-CUMULATIVE.

SECTION II: EXCLUSIONS

COVERAGE PROVIDED IN THE POLICY HEREOF SHALL NOT APPLY IN THE FOLLOWING CASES:

1. FORCE MAJEURE OR ACTS OF NATURE

IN THE EVENT OF FORCE MAJEURE, ACTS OF NATURE OR ANY OTHER LEGAL CAUSE OF EXEMPTION OF RESPONSIBILITY BY THE CONTRACTOR.

2. AMENDMENTS TO THE ORIGINAL CONTRACT

ANY EQUITY DAMAGE GENERATED BY OR FROM BREACHING ATTRIBUTABLE TO THE CONTRACTOR AND RESULTING IN AMENDMENTS TO THE ORIGINAL CONTRACT, SAVE THERE HAS BEEN ACCEPTANCE OF THE SAME BY THE INSURANCE COMPANY WITH A WRITTEN RECORD.

3. INJURIES TO PERSONS OR DAMAGE TO PROPERTY

ANY INJURY CAUSED BY THE CONTRACTOR OR BY ITS WORKERS TO ECOPETROL'S PERSONNEL OR ANY THIRD PARTIES, OR ANY DAMAGE CAUSED TO ECOPETROL'S PROPERTY OR ANY THIRD PARTIES, OCCURRING DURING THE EXECUTION OF THE CONTRACT, OR THOSE DERIVED IN GENERAL FROM THE EXTRA-CONTRACTUAL CIVIL LIABILITY OF THE CONTRACTOR.

4. IMPAIRMENT BY THE PASSING OF TIME

THE IMPAIRMENT OR NORMAL DETERIORATION SUFFERED BY THE GOODS, PROPERTY OR WORKS CARRIED OUT AND COVERED BY THE POLICY, AS A CONSEQUENCE OF THE MERE PASSING OF TIME.

SECTION III: GENERAL CONDITIONS

1. TERM

The term of the coverage included in the policy hereof shall be recorded in the front page of the same or through annexes according to the nature of each of them. The term for the performance coverage under no circumstances shall be less than that term of execution and liquidation of the contract.

The term may be extended by request from ECOPETROL or the contractor, if so stated. If the insurance company accepts the extension, it will issue the certificates and annexes recording said amendment subject to the payment of the corresponding premium.

2. LOSS CLAIM

Pursuant to the provisions in article 1077 of the Colombian code of commerce, ECOPETROL shall demonstrate both the occurrence of the incident as well as the amount of the loss and shall correspond to the insurance company to demonstrate the facts or circumstances waving its responsibility.

The occurrence of the loss may be accredited as follows:

2.1 IN THE EVENT OF EXPIRATION

By means of an administrative action duly executed stating the expiration of the contract, which shall be notified both to the insurance company as well as the contractor, pursuant to the provisions of article 44 of the Colombian administrative code.

2.2 TO MAKE EFFECTIVE THE PAYMENT OF PENALTY OR THE PENALTY CLAUSE

By delivery to the insurance company of the decision made ordering the payment of a fine or the penalty clause in accordance with the terms and conditions of the respective contract being the purpose of the coverage.

2.3 IN ALL OTHER EVENTS

For all contracts entered into by ECOPETROL in all other events in which there is claim under this policy, by delivering to the insurance company all documents or evidence accrediting the occurrence of the loss and the amount of the damage being the purpose of the claim, pursuant to the provisions in article 1077 of the code of commerce.

3. PROVING THE AMOUNT TO BE INDEMNIFIED

The amount of the loss may be proved, depending on the case: with the minutes of liquidation of the contract; with the administrative action in firm of the unilateral liquidation of the contract; with the decision duly justified claiming the payment of a fine or a penalty clause accompanied by the text of the contract stipulating the enforcement of the same, or by any other means that allows to prove the amount of the loss suffered as provided in article 1077 of the code of commerce.

4. PAYMENT OF THE LOSS

Pursuant to the provision in article 1110 of the code of commerce, the indemnity may be paid in cash, or by replacement, repair or reconstruction of the goods insured at the option of the insurance company.

If the option is to indemnify with an amount in cash, pursuant to the indications in Article 1080 of the code commerce, this payment shall be made as follows:

In the case of numeral 2.1 the payment shall be made within the following month after a written communication delivered by ECOPETROL to the insurance company, accompanied with the corresponding administrative act, duly executed declaring the expiration of the contract and the minutes of liquidation of the same or a resolution executed adopting its unilateral liquidation.

In the cases of numerals 2.2 and 2.3 payment shall be made within the following month after delivery of the written communication by ECOPETROL to the insurance company accompanied by the documents proving the occurrence of the loss and the amount of any damage.

5. AMOUNT INSURED

The insurance company's liability in connection with each coverage is limited to the value established as insured amount in the from page or the annexes issued based on the policy, and shall not exceed in any case said amount, pursuant to the provisions in article 1079 of the code of commerce.

The amount of the insured value may be reestablished with the express previous acceptance from the insurance company when there is a formal request by ECOPETROL or the contractor, thus generating an additional premium charge which shall be previously paid by the policyholder.

6. COMPENSATION OF OBLIGATIONS

If ECOPETROL owes any money to the contractor by virtue of the contract guaranteed at the time of filing the judicial or extrajudicial claim of the loss, ECOPETROL shall compensate the amounts owed pursuant to the provisions in articles 1714 and the following, of the Colombian civil code, thus decreasing the amount of indemnity to be paid by the insurance company to ECOPETROL.

7. SUBROGATION

By virtue of the indemnity payment pursuant to article 1096 of the code of commerce and according to article 203 of Decree 663 of 1993 (EOSF) Code of the Financial System, the insurance company subrogates up to the amount paid by said company on the rights ECOPETROL may be entitled against the contractor resulting from the occurrence of the loss.

8. ASSIGNMENT OF THE CONTRACT

If by any breaching from the contractor, the insurance company resolves to continue with the execution of the contract and if ECOPETROL is in agreement, the contractor accepts hereafter the assignment of the contract in favor of the insurance company.

9. COEXISTING INSURANCE

Pursuant to the provisions in the code of commerce, in case of existence, at the time of the incident or loss, of any other insurance for the same coverage in connection with the contract thereto, the amount of the indemnity as it may apply shall be distributed between the insurers in proportion to the amounts of their respective insurance contracts without exceeding the amount insured as set forth in the contract.

10. NO EXPIRATION BY FAILURE OF PAYMENT OF THE PREMIUM AND IRREVOCABILITY

The policy hereof shall not expire by failure of payment of the premium and said premium shall not be revocable in a unilateral manner neither by the insurance company nor by the contractor.

11. CONDUCT OF THE POLICYHOLDER

It is stated for the record that ECOPETROL shall not accept any objections from the insurance company regarding the exceptions or defense resulting from the conduct of the policyholder, in particular those derived from any inaccuracy or reticence incurred by the contactor in the contracting of insurance or its omission regarding the duty to report the seriousness of a risk situation, or in general any other exceptions the insurance company may have against the contractor.

12. NOTIFICATION AND RECOURSES

ECOPETROL shall timely notify the insurance company on any administrative action issued in connection with the guaranteed contract, in particular those on expiration and unilateral termination of the contract, being the insurance company entitled to file any pertinent legal action against said administrative actions pursuant to the provisions in the Administrative Code.

13. AMENDMENTS

In those cases in which the amount of the contract or the term of the same are increased or decreased, or in general when the stipulations of the original contract are somehow amended according to the law by the parties, the respective amendment to the insurance as it may apply, must be previously accepted by the insurance company in order to make it effective.

14. GUARANTEE CALL

When the discussion regarding any breaching of the contract occurs in an arbitration process between ECOPETROL and the contractor, the insurance company is committed in advance to accept the guarantee call made inside said process.

15. VIGILANCE

The insurance company is entitled to conduct vigilance on the contractor regarding the execution of the contract, and ECOPETROL shall provide the necessary cooperation. In those cases in which the contract has as a purpose any issues in connection with public order and the national security, ECOPETROL shall forbid or limit this power to the insurance company.

ECOPETROL makes the commitment to carry out strict control on the development of the contract and the handling of the corresponding funds and goods within the legal provisions that said control confers.

16. CO-INSURANCE

If there is any co-insurance as referred to in article 1095 of the code of commerce, the amount of the indemnity, as it may apply, shall be distributed between the insurers at a pro rate of the amounts of their respective insurance, without solidarity between participating insurers and without exceeding the amount insured under the insurance contract.

17. BANKRUPTCY PROCEEDINGS

ECOPETROL is obliged to protect its rights in any bankruptcy proceedings as set out in the Colombian legislation in which the contractor may be admitted, as it may do it if there was no guarantee as provided by the policy hereof, its application certificates and its coverage, giving notice to the insurance company of said conduct. Any failure to comply with this obligation would cause to ECOPETROL the consequences stipulated in article 1078 of the code of commerce.

18. TIME BAR

The time bar for the actions derived from the contract hereof shall be governed pursuant to article 1081 of the code of commerce as added or amended or any other special applicable law to the case.

19. INCOMPATIBLE CLAUSES

In case of any incongruity or differences between the general and particular conditions of the policy, the latter shall prevail.

20. SETTLEMENT OF CONFLICTS

In case of any disputes or conflicts in connection with the interpretation, execution and enforcement of the policy hereof, the parties shall make their best effort to use the alternative settlement mechanisms as stated in Law 80 of 1993.

21. DOMICILE

Without prejudice of any proceedings stipulations, for all purposes regarding the contract hereof, the parties establish as a domicile the city of Bogota D C.

ANNEX 4

SAMPLE STAND-BY LETTER OF CREDIT

SAMPLE STAND-BY LETTER OF CREDIT

Letter of Credit No [_____]

Place and date of issuance: [_____]

Nominal Value: US$ [_____]

Issuing Bank: [_____]

Beneficiary: Ecopetrol S A

Applicant: [_____]

By means of this document we are informing to you, Ecopetrol S A (the “Beneficiary”) that, by request from [_____] (the “Applicant”), a company created pursuant to the laws of [_____], through its branch duly established in Colombia, the Bank [_____] (the "Bank”) that we have issued in favor of Ecopetrol S A, a company incorporated pursuant to the laws of the Republic of Colombia and with tax ID [_____] (the “Beneficiary”), this Stand-by Letter of Credit irrevocable at first request (the “Letter of Credit”) to ensure payments of up to the nominal value as indicated above (The “Secured Obligations”).

This Letter of Credit shall be valid from [_____] of 20 [ ] until the date of occurrence [ ][ ] calendar days after [ ] of [ ].

It is understood that the Bank’s responsibility derived from the Letter of Credit hereof is limited only and exclusively to the amounts and the terms indicated in the heading of the Letter of Credit.

In case of default by the Applicant of all or any of the Secured Obligations, the Beneficiary shall report said default to the Bank in its offices located at [_____], within the term of the Letter of Credit hereof. On the same date of reception of the referred communication by the Bank, the Bank shall directly proceed to pay in an unconditional manner to the Beneficiary the amounts indicated in the document reporting the default to the Beneficiary, without exceeding at any time the total secured value drawn on this Letter of Credit in (i) pesos, the legal currency of the Republic of Colombia, or (ii) dollars of the United States of America.

If the communication of default previously mentioned is not received within the term of the Letter of Credit hereof, the Bank’s responsibility derived therefrom shall cease.

The communication informing the Bank regarding the default of the Secured Obligations shall consist of a document duly signed by the legal representative of the Beneficiary or whoever replaces him, stating the default by the Applicant of the Secured Obligations and thus requesting the payment of the guarantee hereof. Said communication shall indicate the number of this Letter of Credit, and the amount drawn thereto. In case the Beneficiary decides to use the Letter of Credit in pesos, the legal currency in the Republic of Colombia, the amount of the nominal value of the Letter of Credit shall be converted at the market representative exchange rate certified by the Superintendence of Finance of Colombia on the date in which the communication is submitted to the Bank.

This document shall be governed by the International Standby Practices (ISP98) from the International Chamber of Commerce.

Exhibit 10.7

Cash Compensation Arrangements with Executive Officers

Fiscal Year 2012 Compensation Arrangements

The 2012 base salaries and target bonuses for the Executive Officers of Gran Tierra, effective as of January 1, 2012, are as follows:

Name	Base Salary	Target Bonus[2]
Dana Coffield President and Chief Executive Officer	$425,000* ($416,340 USD)	80%
Shane O'Leary Chief Operating Officer	$360,000* ($352,665 USD)	70%
Martin Eden[1] Chief Financial Officer	$300,000* ($293,887 USD)	70%
David Hardy General Counsel, Vice President Legal, and Secretary	$275,000* ($269,397 USD)	50%
Rafael Orunesu President, Gran Tierra Energy Argentina	$296,535 USD	60%
Júlio César Moreira President, Gran Tierra Energy Brazil	R$558,830** ($297,916 USD)	60%
Duncan Nightingale President, Gran Tierra Energy Colombia	$310,000* ($303,683 USD)	60%
Carlos Monges President, Gran Tierra Energy Peru	S/.679,352*** ($251,892 USD)	60%
James Rozon [1] Chief Financial Officer	$230,000* ($225,313 USD)[1]	70%

*Denotes amount in Canadian dollars. Amount in parentheses denotes U.S. dollars at an exchange rate of CAD$1.0208 as at December 31, 2011.

**Denotes amount in Brazilian reals. Amount in parentheses denotes U.S. dollars at an exchange rate of R$1.87580 as at December 31, 2011.

***Denotes amount in Peruvian nuevos soles. Amount in parentheses denotes U.S. dollars at an exchange rate of S/.$2.697 as at December 31, 2011.

(1) Effective December 9, 2011, Martin Eden, then Chief Financial Officer and Principal Financial and Accounting Officer of Gran Tierra Energy Inc., was placed on a medical leave from his duties at Gran Tierra Energy while he recovered from emergency surgery, and James Rozon was appointed acting Chief Financial Officer and Principal Financial and Accounting Officer of Gran Tierra. The salary for Mr. Rozon was initially set at $230,000 ($225,313 USD) on an annualized basis. On May 2, 2012, Mr. Rozon was promoted to Chief Financial Officer and his salary was increased to $300,000 ($293,887 USD), and Mr. Eden was appointed Vice President, Finance Special Projects.

(2) Target bonus amounts are expressed as a percentage of the corresponding 2012 base salary.

EXHIBIT 10.8

FOURTH AMENDMENT

TO

CREDIT AGREEMENT

dated as of

February 14, 2012

among

SOLANA RESOURCES LIMITED,
as Borrower,

GRAN TIERRA ENERGY INC.,

BNP PARIBAS,
as Administrative Agent and Global Coordinator ,

and

The Lenders Party Hereto

FOURTH AMENDMENT TO CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO CREDIT AGREEMENT (this "Fourth Amendment") dated as of February 14, 2012, is among **SOLANA RESOURCES LIMITED**, a corporation duly formed and existing under the laws of the Province of Alberta, Canada (the " Borrower"); **GRAN TIERRA ENERGY INC.,** a corporation formed and existing under the laws of the State of Nevada (the " Parent"); **BNP PARIBAS**, as administrative agent (in such capacity, together with its successors in such capacity, the "Administrative Agent") for the lenders party to the Credit Agreement referred to below (collectively, the "Lenders") and as global coordinator; and the undersigned Lenders.

R E C I T A L S

A. The Borrower, the Parent, the Administrative Agent and the Lenders are parties to that certain Credit Agreement dated as of July 30, 2010, as amended by that certain First Amendment to Credit Agreement dated as of August 31, 2010, that certain Second Amendment to Credit Agreement dated as of November 5, 2010 and that certain Third Amendment to Credit Agreement dated as of January 20, 2011 among the Borrower, the Parent, the Administrative Agent and the Lenders party thereto (the "Credit Agreement"), pursuant to which the Lenders have made certain extensions of credit available to the Borrower.

B. The Borrower has requested and the Lenders have agreed to amend certain provisions of the Credit Agreement.

C. NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. Each capitalized term used herein but not otherwise defined herein has the meaning given such term in the Credit Agreement. Unless otherwise indicated, all references to Sections in this Fourth Amendment refer to Sections of the Credit Agreement.

Section 2. Amendment to Credit Agreement.

2.1 Amendment to Section 9.02(g). Section 9.02(g) is hereby amended and restated in its entirety to read as follows:

"(g) other Debt not to exceed $42,000,000 in the aggregate at any one time outstanding."

Section 3. Conditions Precedent. This Fourth Amendment shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 12.02 of the Credit Agreement) (the " Effective Date"):

3.1 The Administrative Agent shall have received from the Majority Lenders, the Borrower, the Parent and the Subsidiary Guarantors, counterparts (in such number as may be requested by the Administrative Agent) of this Fourth Amendment signed on behalf of such Persons.

3.2 No Default shall have occurred and be continuing, after giving effect to the terms of this Fourth Amendment.

Section 4. Miscellaneous.

4.1 Confirmation. The provisions of the Credit Agreement, as amended by this Fourth Amendment, shall remain in full force and effect following the effectiveness of this Fourth Amendment.

4.2 Ratification and Affirmation; Representations and Warranties. The Borrower and the Parent each hereby: (a) acknowledges the terms of this Fourth Amendment; (b) ratifies and affirms its obligations under, and acknowledges, renews and extends its continued liability under, each Loan Document to which it is a party and agrees that each Loan Document to which it is a party remains in full force and effect, except as expressly amended hereby, after giving effect to the amendments contained herein; (c) agrees that from and after the Effective Date each reference to the Credit Agreement in the Loan Documents shall be deemed to be a reference to the Credit Agreement, as amended by this Fourth Amendment; and (d) represents and warrants to the Lenders that as of the date hereof, after giving effect to the terms of this Fourth Amendment: (i) all of the representations and warranties contained in each Loan Document to which it is a party are true and correct in all material respects, unless such representations and warranties are stated to relate to a specific earlier date, in which case, such representations and warranties shall continue to be true and correct in all material respects as of such earlier date and (ii) no Default has occurred and is continuing.

4.3 Loan Document. This Fourth Amendment is a "Loan Document" as defined and described in the Credit Agreement and all of the terms and provisions of the Credit Agreement relating to Loan Documents shall apply hereto.

4.4 Counterparts. This Fourth Amendment may be executed by one or more of the parties hereto in any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of this Fourth Amendment by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

4.5 NO ORAL AGREEMENT. THIS FOURTH AMENDMENT, THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS EXECUTED IN CONNECTION HEREWITH AND THEREWITH REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR UNWRITTEN ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO ORAL AGREEMENTS BETWEEN THE PARTIES.

4.6 GOVERNING LAW. THIS FOURTH AMENDMENT (INCLUDING, BUT NOT LIMITED TO, THE VALIDITY AND ENFORCEABILITY HEREOF) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

[SIGNATURES BEGIN NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Amendment to be duly executed as of the date first written above.

BORROWER: SOLANA RESOURCES LIMITED

By: /s/ Heather Campbell
Name: Heather Campbell
Title: Assistant Secretary

PARENT: GRAN TIERRA ENERGY INC.

By: /s/ Dana Coffield
Name: Dana Coffield
Title: President and CEO

ADMINISTRATIVE AGENT:

BNP PARIBAS,
as Administrative Agent and a Lender

By: /s/ Juan Carlos Sandoval
Name Juan Carlos Sandoval
Title Director

By: /s/ Edward Pak
Name: Edward Pak
Title: Director

RATIFICATION AND AFFIRMATION

Each of the undersigned Guarantors hereby: (a) acknowledges the terms of this Fourth Amendment; (b) ratifies and affirms its obligations under, and acknowledges, renews and extends its continued liability under, each Loan Document to which it is a party and agrees that each Loan Document to which it is a party remains in full force and effect, except as expressly amended hereby, after giving effect to the amendments contained herein; (c) agrees that from and after the Effective Date (as defined in this Fourth Amendment) each reference to the Credit Agreement in the Loan Documents shall be deemed to be a reference to the Credit Agreement, as amended by this Fourth Amendment; and (d) represents and warrants to the Lenders that as of the date hereof, after giving effect to the terms of this Fourth Amendment: (i) all of the representations and warranties contained in each Loan Document to which it is a party are true and correct in all material respects, unless such representations and warranties are stated to relate to a specific earlier date, in which case, such representations and warranties shall continue to be true and correct in all material respects as of such earlier date and (ii) no Default has occurred and is continuing.

Executed as a DEED by:
SOLANA PETROLEUM EXPLORATION
(COLUMBIA) LIMITED

By: /s/ Heather Campbell
Name: Heather Campbell
Title: Assistant Secretary

GRAN TIERRA EXCHANGECO INC.

By: /s/ Heather Campbell
Name: Heather Campbell
Title: Assistant Secretary

Executed as a DEED by:
GRAN TIERRA ENERGY INTERNATIONAL
HOLDINGS LTD.

By: /s/ Heather Campbell
Name: Heather Campbell
Title: Assistant Secretary

GRAN TIERRA ENERGY CAYMAN ISLANDS INC.

By: /s/ Heather Campbell
Name Heather Campbell
Title Assistant Secretary

ARGOSY ENERGY, LLC

By: /s/ Heather Campbell
Name: Heather Campbell
Title: Assistant Secretary

GRAN TIERRA ENERGY COLOMBIA, LTD.
By: Argosy Energy, LLC, the general partner of Gran Tierra Energy Colombia, Ltd.

By: /s/ Heather Campbell
Name: Heather Campbell
Title: Assistant Secretary

EXHIBIT 10.9

AMENDMENT NO. 6

TO

COLOMBIAN PARTICIPATION AGREEMENT

BY AND AMONG

GRAN TIERRA ENERGY COLOMBIA LTD.,

GRAN TIERRA ENERGY INC.

AND

CROSBY CAPITAL, LLC

DATED

AS OF MARCH 1, 2012

AMENDMENT NO. 6

TO

COLOMBIAN PARTICIPATION AGREEMENT

this amendment to the Col**ombia**n Participation Agreement (this *"**Amendment**"*) is effective as of March 1, 2012 by and among **Gran Tierra Energy Colombia Ltd.**, (the *"**Partnership**"*), a Utah partnership (formerly known as **Argosy Energy International**, a Utah limited partnership (*"**Argosy**"*)), **Gran Tierra Energy Inc**., a Nevada corporation ("***Gran Tierra***"), and **Crosby Capital, LLC**, a Texas limited liability company (*"**Crosby**"*) on behalf of itself and its assigns. The Partnership, Gran Tierra and Crosby are each individually referred to herein as a *"**Party**"*, and collectively as the *"**Parties**"*. All capitalized terms not otherwise defined herein shall be given the meaning assigned to such terms in that certain Colombian Participation Agreement, dated as of June 22, 2006, by and among Argosy, Gran Tierra and Crosby (the *"**Original Participation Agreement**"*), as previously amended by Amendment No. 1 dated as of November 1, 2006 (*"**Amendment No. 1**"*), Amendment No. 2 dated as of July 3, 2008 (*"**Amendment No. 2**"*), Amendment No. 3 dated as of December 31, 2008 (*"**Amendment No. 3**"*), Amendment No. 4 dated as of June 13, 2011 (*"**Amendment No. 4**"*), and Amendment No. 5 dated as of February 10, 2012 (" ***Amendment No. 5***").

Recitals

Whereas, the Parties executed the Original Participation Agreement, Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No. 4, Amendment No. 5, and such Original Participation Agreement, as amended by Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No. 4, and Amendment No. 5, is hereinafter referred to as the *"**Agreement**"*;

whereas, the Parties pursuant to prior Amendments have extended the term of the Initial Letter of Credit until June 1, 2012, and

whereas the Parties have now agreed to amend certain terms of the Agreement relating to the Release Covenants and other requirements relating to Gran Tierra's obligations to deliver New Letters of Credit following the expiration of the term of the Initial Letter of Credit and have further agreed to amend certain terms of the Agreement relating to the "holdback" of a portion of quarterly payments earned by Crosby under **Section 3** (Net Profits Interest) and

whereas, pursuant to Section 13.4 of the Agreement, no modification or waiver of any provision of the Agreement shall be effective unless set forth in writing and signed by the Parties;

Agreement

Now, Therefore, in consideration of the covenants and promises herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Section 1.60 of the Agreement shall be deleted in its entirety and replaced with the following:

   1.60. "**U.S. GAAP**" means United States generally accepted accounting principles as promulgated by the Financial Accounting Standards Board or the successors thereto.

2. A new section 1.65 shall be added to the Agreement as follows:

   1.65 "International Financial Reporting Standards" means the financial reporting standards promulgated by the International Accounting Standards Board or the successors thereto.

3. A new section 1.66 shall be added to the Agreement as follows:

   1.66. "Gran Tierra's Total Market Capitalization" means the United States Dollar ("USD") value obtained by multiplying the total number of issued and outstanding common shares of Gran Tierra by the volume weighted average trading price per share as reported on the last twenty trading days of the relevant quarter on the principal national or regional stock exchange, located in the United States, Canada or the United Kingdom, on which Gran Tierra's common shares are traded or quoted at such time.

4. A new section 1.67 shall be added to the Agreement as follows:

   1.67 "Gran Tierra's Total Shareholders' Equity" means the total USD value of shareholders' equity of Gran Tierra determined as of the last day of the relevant quarter in accordance with U.S. GAAP or International Financial Reporting Standards, as applicable, and reported in Gran Tierra's quarterly filings made pursuant to the reporting requirements of the U.S. Securities Exchange Act of 1934, as amended, or any successor statute, or any such similar statute as is in effect in such other jurisdiction in which Gran Tierra may be organized, in each case with respect to the relevant quarter. In the event that at any time following the expiration of the Initial Term, Gran Tierra is not a reporting issuer under the Securities Exchange Act of 1934 or such other similar statute, the total value of shareholders' equity of Gran Tierra shall mean the total value (converted to USD, if not already reported in such currency) determined as of the last day of the relevant quarter in accordance with U.S. GAAP or International Financial Reporting Standards, as applicable, and reported as of the last day of the relevant quarter in a financial report certified by the Chief Financial Officer of Gran Tierra and delivered to Crosby pursuant to Section 6.3.3.

5. Section 6.3.1 of the Agreement shall be deleted in its entirety and replaced with the following:

6.3.1 Conditions Requiring No Letter Of Credit. After the expiration of the Initial Term, Gran Tierra shall have no further obligation to provide a Letter of Credit so long as (i) (A) the condition provided in Section 6.3.2 (the " **Release Covenant**") is met and maintained as of the end of each quarter or (B) Gran Tierra maintains a minimum Gran Tierra Corporate Family Credit Rating of "B" or equivalent according to Standard and Poor's or any successor thereto or "B2" or better by Moody's or any successor thereto, as applied to the corporate rating or the highest rated class or tranche of debt, regardless of maturity, by any entity included in the Gran Tierra Corporate Family (the "**Acceptable Credit Rating"),** and (ii) Gran Tierra timely delivers the compliance certificates required under Section 6.3.3. For purposes of determining the Acceptable Credit Rating, the Gran Tierra Corporate Family shall include only those entities whose voting equity is owned 100% directly or indirectly by Gran Tierra.

6. Section 6.3.2 of the Agreement shall be deleted in its entirety and replaced with the following:

6.3.2 Release Covenant. The Release Covenant is a minimum target ratio calculated as of the end of any quarter by dividing (a) the greater of (i) the USD value of Gran Tierra's Total Market Capitalization, or (ii) the USD value of Gran Tierra's Total Shareholders' Equity, by (b) the total amount of the payments required to be paid pursuant to Section 7 of the Agreement in the previous four quarterly periods ending on the last date of such quarter. The Release Covenant is satisfied for any quarter if the quotient obtained by such calculation is greater than or equal to 10.

7. Section 6.3.3 of the Agreement shall be deleted in its entirety and replaced with the following:

6.3.3 Release Covenant Compliance Certificate. Not later than 45 days following the end of each of the first three calendar quarters of each calendar year (that is, March 31, June 30 and September 30) and, with respect to the fourth calendar quarter of each year, not later than March 1of the following calendar year, Gran Tierra shall deliver to Crosby a compliance certificate executed by Gran Tierra's chief financial officer certifying (i) as to Gran Tierra's compliance or non-compliance with the Release Covenant, and (ii) as to Gran Tierra's maintenance or non-maintenance of the Acceptable Credit Rating, as of the last day of the immediately preceding quarter.

8. Section 6.3.4 of the Agreement shall be amended so that the language appearing prior to subparagraph 6.3.4(a) is deleted in its entirety and the language of subparagraph (a) is deleted in its entirety and the deleted language is replaced with the following:

6.3.4. Delivery of New Letter of Credit. At any time following the expiration of the Initial Term, if Gran Tierra is not already required to have a letter of credit in place pursuant to the terms of this Section 6, then (i) upon receipt of a certificate pursuant to 6.3.3 that indicates that (A) (1) Gran Tierra does not meet the Release Covenant and (2) has not maintained the Acceptable Credit Rating (measured as of the end of the Initial Term or such quarter as applicable) or (ii) upon a failure to timely deliver the compliance certificate with respect to such quarter as required under Section 6.3.3, then in either case Crosby may at its sole discretion, request and receive from Gran Tierra, within 15 business days of the request, a new irrevocable standby Letter of Credit (the **"New Letter of Credit"**) with the following characteristics:

(a) Amount: The New Letter of Credit shall have a face value equivalent to the greater of (a) the aggregate amount of the 4 previous quarters payments required by Section 7 or (b) $1 million USD. Draws from any New Letter of Credit must be replaced to keep the required face value of such Letter of Credit in place.

9. Subparagraphs (b) through (e) of Section 6.3.4. shall remain unaffected by this Amendment.

10. Section 6.3.5 of the Agreement shall be deleted in its entirety and replaced with the following:

6.3.5 Re-satisfaction of Release Covenant or Achievement of Acceptable Credit Rating. If during any period during which the Partnership or Gran Tierra or a permitted transferee is required to provide a New Letter of Credit hereunder, Gran Tierra or a permitted transferee, as applicable, provides a certificate pursuant to Section 6.3.3 indicating that as of the end of the immediately preceding quarter Gran Tierra had satisfied the Release Covenant or that Gran Tierra, or the permitted transferee, as applicable has maintained the Acceptable Credit Rating, Crosby shall return the applicable Letter of Credit in accordance with Section 6.6.

11. Section 7.1.1(A) of the Agreement shall be deleted in its entirety and replaced with the following:

7.1.1(A) calculate the amounts owed to Crosby for such quarter pursuant to **Section 2** (Base Overriding Royalty) and **Section 3** (Net Profits Interest). No quarterly calculations of Conditional Overriding Royalty (**Section 4**) are required in any quarterly report provided under this **Section 7.1.1.**

12. Section 7.1.2(A) of the Agreement shall be deleted in its entirety and replaced with the following:

7.1.2(A) calculate (i) the amount owed to Crosby for the quarter ended December 31 of each calendar year pursuant to **Section 2** (Base Overriding Royalty) and (ii) the amount owed to Crosby for the quarter ended December 31 of each calendar year pursuant to **Section 3** (Net Profits Interest), and (iii) the amount owed to Crosby for such calendar year pursuant to **Section 4** (Conditional Overriding Royalty);

13. Section 7.7 of the Agreement shall be amended by inserting the words "or International Financial Reporting Standards" after each reference to "U.S. GAAP".

14. Section 7.7.2 of the Agreement shall be amended solely to the extent of deleting the reference to "such Investor" and replacing such deleted words with "Crosby".

15. A new subsection 7.8 shall be added to the Agreement as follows:

7.8 Parent Guaranty

7.8.1 In the event that a Parent, as defined in Section 1.64, delivers to Crosby an irrevocable guaranty to Crosby of all of Gran Tierra's obligations under the Agreement, in a form reasonably acceptable to Crosby, then such Parent may elect to have the Parent's market capitalization, shareholders equity, and or credit rating measured for purposes of compliance with Section 6 (the "**Section 6 Election**"). The Parent shall deliver to Crosby a written notice of a Section 6 Election.

7.8.2 In the event that the Parent has properly made a Section 6 Election then each reference to Gran Tierra shall be applicable to the Parent in the following Sections: 1.66, 1.67, 6.3.1, 6.3.2, 6.3.3, 6.3.4 and 6.3.5.

16. References to the "Agreement" in the Original Participation Agreement shall be deemed to include the Original Participation Agreement, as amended by Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No. 4, Amendment No. 5 and this Amendment. Except as expressly modified or otherwise as set forth therein or herein, the terms and conditions of the Original Participation Agreement remain in full force and effect.

17. This Amendment does not alter or amend the Seventh Amended Extension Agreement dated October 7, 2010 between the Parties. Moreover, the Parties do not by execution of this Amendment waive any of their rights pursuant to the Agreement or the Seventh Amended Extension Agreement.

18. Each Party shall be responsible for and pay all of its own costs and expenses incurred at any time in connection with this amendment.

19. This Amendment may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties, it being understood that all Parties need not sign the same counterpart.

20. A facsimile, telecopy or other reproduction of this Amendment may be executed by one or more parties to this Amendment, and an executed copy of this Amendment may be delivered by one or more parties to this Amendment by facsimile or similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen, and such execution an delivery shall be considered valid, binding and effective for all purposes. At the request of any party to this Amendment, all parties to this Amendment agree to execute an original of this Amendment as well as any facsimile, telecopy or other reproduction of this Amendment.

21. By their respective signatures below, each Party represents and warrants to the others, that it has full power and authority to execute and deliver this Amendment, that all requisite internal approvals, including approval by the board of directors or other managerial authority has been properly obtained, and that this Amendment shall constitute the legal, valid and binding obligation of such party enforceable in accordance with its terms, except to the extent such enforcement may be subject to bankruptcy, insolvency, reorganization or other similar laws affecting enforcement of creditors' rights generally.

THE REMAINDER OF THIS PAGE LEFT EMPTY.

In Witness Whereof, each of the undersigned has caused this **Amendment No. 6** to be executed as of the date first written above.

Gran Tierra Energy Colombia, Ltd.
By: Argosy Energy, LLC (f/k/a/ Argosy Energy Corp.), its General Partner

By: /s/ Julio Moreira
Name: Julio Moreira
Title: Manager

Gran Tierra Energy Inc.

By: /s/ Dana Coffield
Name: Dana Coffield
Title: President and CEO

Crosby Capital, LLC

By: /s/ Jay Allen Chafee
Name: Jay Allen Chaffee
Title: President

EXHIBIT 10.10

AMENDMENT

TO

EMPLOYMENT AGREEMENT

THIS AMENDMENT is entered into as of May 2, 2012;

BETWEEN:

GRAN TIERRA ENERGY INC., an company organized and existing under the laws of the State of Nevada, U.S.A. (" **Gran Tierra**");

GRAN TIERRA ENERGY CANADA ULC, an company organized and existing under the laws of Province of Alberta, Canada (" **GTE ULC**"); and

Martin H. Eden, an individual ordinarily resident in the City of Calgary in the Province of Alberta (the " **Executive**");

each a "**Party**" and together the "**Parties**".

WHEREAS:

A. Gran Tierra, GTEI and the Executive entered into the Employment Agreement;

B. GTEI assigned its interest in the Employment Agreement to GTE ULC; and

C. The Parties wish to make certain amendments to the Employment Agreement as set out herein;

NOW, THEREFORE, in consideration of the promises and the mutual covenants and obligations set out below and to be performed, the Parties agree as follows:

1. DEFINITIONS

Except as otherwise expressly defined in this Amendment, capitalized words and terms used herein shall have the meaning ascribed to them in the Employment Agreement. As used in this Amendment, the following capitalized words and terms shall have the meaning ascribed to them below:

Amendment means this agreement.

Employment Agreement means the agreement, dated as of June 17, 2008, between GTEI, Gran Tierra and the Executive, and all amendments thereto.

GTEI means Gran Tierra Energy Inc., a corporation organized and existing under the laws of the Province of Alberta, Canada.

2. AMENDMENT OF EMPLOYMENT AGREEMENT

The Employment Agreement is hereby amended by:

(a) deleting Article 1.1 thereof and inserting the following in its place:

The Executive's position shall be Vice President, Finance Special Projects. The Executive will undertake those duties and responsibilities set out in Schedule "A" to this Agreement as well as those duties reasonably assigned to the Executive by the Chief Financial Officer of Gran Tierra or the Board of Directors of Gran Tierra (the "**Board**"). The Executive will report to the Chief Financial Officer of Gran Tierra. The parties agree that the relationship between the Company and the Executive created by this Agreement is that of employer and employee.

(b) deleting Article 9.2 thereof and inserting the following in its place:

"9.2Termination by the Company without Cause

The Company may terminate the Executive's employment without Cause at any time by providing the Executive with a separation package (the "**Separation Package**") equal to 1.5 times the Base Salary and Bonus paid and payable to the Executive during the twelve (12) month period prior to such termination.

The Separation Package shall be payable in a lump sum within thirty (30) days of the termination of the Executive."

(c) deleting Schedule "A" and inserting the following in its place:

"**SCHEDULE A**

Duties & Responsibilities

To provide assistance and advise to the Chief Financial Officer with respect to the financing, accounting, treasury, tax, risk management, compliance/reporting and information technology functions of Gran Tierra and its affiliates and to undertake projects with respect thereto as assigned by the Chief Financial Officer."

3. ARTICLES INCORPORATED BY REFERENCE

Articles 12, 13 and 14 of the Employment Agreement are hereby incorporated by reference and shall apply *mutatis mutandis* to this Amendment.

IN WITNESS of their agreement, each Party has caused its duly authorised representative to execute this Amendment as of the date set out in the first sentence hereof.

GRAN TIERRA ENERGY INC.
By:

/s/ Dana Coffield
Print Name: Dana Coffield
Title: President and Chief Executive Officer

Date: May 3, 2012

SIGNED, SEALED & DELIVERED
in the presence of:

/s/ Wes Carter

Witness

GRAN TIERRA ENERGY CANADA ULC
By:

/s/ Dana Coffield
Print Name: Dana Coffield
Title: President

Date: May 3, 2012

EXECUTIVE:

/s/ Martin Eden

Martin H. Eden

Date: May 3, 2012

EXHIBIT 10.11

AMENDMENT

TO

EMPLOYMENT AGREEMENT

THIS AMENDMENT is entered into as of May 2, 2012;

BETWEEN:

GRAN TIERRA ENERGY INC., an company organized and existing under the laws of the State of Nevada, U.S.A. (" **Gran Tierra**");

GRAN TIERRA ENERGY CANADA ULC, an company organized and existing under the laws of Province of Alberta, Canada (" **GTE ULC**"); and

David Hardy, an individual ordinarily resident in the City of Calgary in the Province of Alberta (the " **Executive**");

each a "**Party**" and together the "**Parties**".

WHEREAS:

A. GTEI, Gran Tierra and the Executive entered into the Employment Agreement;

B. GTEI assigned its interest in the Employment Agreement to GTE ULC; and

C. The Parties wish to make certain amendments to the Employment Agreement as set out herein;

NOW, THEREFORE, in consideration of the promises and the mutual covenants and obligations set out below and to be performed, the Parties agree as follows:

1. DEFINITIONS

Except as otherwise expressly defined in this Amendment, capitalized words and terms used herein shall have the meaning ascribed to them in the Employment Agreement. As used in this Amendment, the following capitalized words and terms shall have the meaning ascribed to them below:

Amendment means this agreement.

Employment Agreement means the agreement, dated as of March 1, 2010, between GTEI, Gran Tierra and the Employee, and all amendments thereto.

GTEI means Gran Tierra Energy Inc., a corporation organized and existing under the laws of the Province of Alberta, Canada.

2. AMENDMENT OF EMPLOYMENT AGREEMENT

The Employment Agreement is hereby amended by:

(a) deleting Article 9.2 thereof and inserting the following in its place:

"9.2 Termination by the Company without Cause

The Company may terminate the Executive's employment without Cause at any time by providing the Executive with a separation package (the "**Separation Package**") equal to 1.5 times the Base Salary and Bonus paid and payable to the Executive during the twelve (12) month period prior to such termination.

The Separation Package shall be payable in a lump sum within thirty (30) days of the termination of the Executive."; and

(b) Inserting the following after Article 9 of the Employment Agreement:

"ARTICLE 9A

DIRECTORS/OFFICERS LIABILITY

9A.1 Indemnity

Gran Tierra shall provide to the Executive indemnification in accordance with the Indemnification Agreement entered into between Gran Tierra and the Executive.

9A.2 Insurance

(a) Gran Tierra shall purchase and maintain, throughout the period during which the Executive acts as a director or officer of Gran Tierra or a Member Company and for a period of two years after the date that the Executive ceases to act as a director or officer of Gran Tierra or a Member Company, directors' and officers' liability insurance for the benefit of the Executive and the Executive's heirs, executors, administrators and other legal representatives, such that the Executive's insurance coverage is, at all times, at least equal to or better than any insurance coverage Gran Tierra purchases and maintains for the benefit of its then current directors and officers, from time to time.

(b) If for any reason whatsoever, any directors' and officers' liability insurer asserts that the Executive or the Executive's heirs, executors, administrators or other legal representatives are subject to a deductible under any existing or future directors' and officers' liability insurance purchased and maintained by Gran Tierra for the benefit of the Executive and the Executive's heirs, executors, administrators and other legal representatives, Gran Tierra shall pay the deductible for and on behalf of the Executive or the Executive's heirs, executors, administrators or other legal representatives, as the case may be.

9A.3 Survival

The provisions of Articles 9A.1 and 9A.2 of this Agreement shall survive the termination of this Agreement or the employment of the Executive with Gran Tierra and such provisions shall continue in full force and effect in accordance with such Indemnification Agreement and the provisions of this Agreement for the benefit of the Executive."

3. ARTICLES INCORPORATED BY REFERENCE

Articles 11, 12 and 13 of the Employment Agreement are hereby incorporated by reference and shall apply *mutatis mutandis* to this Amendment.

IN WITNESS of their agreement, each Party has caused its duly authorised representative to execute this Amendment as of the date set out in the first sentence hereof.

GRAN TIERRA ENERGY INC.
By:

/s/ Dana Coffield

Print Name: Dana Coffield

Title: President and Chief Executive Officer

GRAN TIERRA ENERGY CANADA ULC
By:

/s/ Dana Coffield

Print Name: Dana Coffield

Title: President

Executive

/s/ David Hardy

David Hardy

SIGNED, SEALED & DELIVERED
in the presence of:

/s/ Wes Carter

Witness

EXHIBIT 10.12

EXECUTIVE EMPLOYMENT AGREEMENT

BETWEEN:

GRAN TIERRA ENERGY CANADA ULC, an Alberta corporation ("**GTE ULC**") and **GRAN TIERRA ENERGY INC.**, a Nevada corporation ("**Gran Tierra**")

(GTE ULC and Gran Tierra are collectively referred to herein as, the "**Company**")

- and -

JAMES ROZON, an individual ordinarily resident in the City of Calgary in the Province of Alberta

(the "**Executive**")

(GTE ULC, Gran Tierra and the Executive are collectively referred to herein as the "**Parties**" and individually referred to herein as a "**Party**")

RECITALS:

A. The Executive has specialized knowledge and valuable skills and experience which are critical to the management and success of the business;

B. The Company wishes to secure the services of the Executive as the Chief Financial Officer and Principal Financial and Accounting Officer of Gran Tierra;

C. The Executive is currently an employee of the Company pursuant to an employment agreement between the GTE ULC (as assignee of Gran Tierra Energy Inc., an Alberta corporation) and the Executive dated May 1, 2008 (the "**Prior Agreement**"); and

D. The Parties wish to set forth their entire understanding and agreement with respect to the subject matter herein and replace the Prior Agreement in its entirety with this Executive Employment Agreement (the "**Agreement**").

THEREFORE, the Parties agree as follows:

ARTICLE 1
DUTIES AND RESPONSIBILITIES

1.1 Position

The Company confirms the appointment of the Executive to the position of Chief Financial Officer and Principal Financial and Accounting Officer of Gran Tierra. The Executive will undertake those duties and responsibilities set out in Schedule "A" to this Agreement as well as those duties reasonably assigned to the Executive by the Board of Directors of Gran Tierra (the "**Board**"). The Executive will report to the President and Chief Executive Officer of Gran Tierra. The parties agree that the relationship between the Company and the Executive created by this Agreement is that of employer and employee.

1.2 Exclusive Service & Other Engagements

During the Executive's employment, the Executive will faithfully serve the Company and will devote full time and attention to the business and affairs of the Company and the performance of the Executive's duties and responsibilities.

The Executive shall not engage in any other business, profession or occupation which would conflict with the performance of his duties and responsibilities under this Agreement, either directly or indirectly, including accepting any appointment to the board of directors of another company without the prior written consent of the Board.

1.3 Reassignment

The Company shall not reassign the Executive to another position within Gran Tierra itself, or to a position within a subsidiary, affiliated or related corporate entity ("**Member Company**" or "**Member Companies**") or alter the duties, responsibilities, title, or reporting lines of the Executive or change the location of the Executive's employment unless the Executive agrees to such reassignment or alteration.

1.4 Travel

The Executive shall be employed at the Company's location in Calgary, Alberta. The Executive shall be available for such business related travel as may be required for the purposes of carrying out the Executive's duties and responsibilities. The Executive shall be entitled to business class tickets for domestic or international flights with a duration of more than one hour. The Executive will be entitled to choose suitable accommodations when traveling on Company business.

ARTICLE 2
BASE SALARY

The Executive will be paid an annual salary in the amount of three hundred thousand Canadian Dollars (CDN$300,000), subject to applicable statutory deductions (the "**Base Salary**"). The Executive's Base Salary will be payable in accordance with Company practices and procedures as they may exist from time to time. Base Salary will be reviewed and may be increased on an annual basis by the Board, with input from the Executive.

ARTICLE 3
BONUS

3.1 Bonus Eligibility

The Executive shall be eligible to receive an annual bonus payment in addition to Base Salary and other compensation for each year of the Executive's employment (the "**Bonus**") as determined by the Board from time to time.

3.2 Bonus Payment

The Bonus shall be payable within sixty (60) days of the end of the fiscal year, and will be based upon the Executive's performance during the preceding year.

ARTICLE 4
BENEFITS

The Executive shall be entitled to participate in and to receive all rights and benefits under any life insurance, disability, medical, dental, health and accident plans maintained by the Company for its employees and for its executive officers specifically. The Company will continue to pay the Executive's Base Salary in the event the Executive becomes disabled until such time as the Executive begins to receive short-term or long-term disability insurance benefits.

ARTICLE 5
VACATION

The Executive will be entitled to twenty-five (25) days' vacation per each full year. Payment of all vacation pay will be at Base Salary. This vacation entitlement shall be earned over the course of each full year that the Executive is employed with the Company and the Executive shall be entitled to a proportionate period of vacation for any period of less than a full year of employment. The Executive will arrange vacation time to suit the essential business needs of the Company. Unused vacation entitlement will be carried over into the following calendar year to a maximum entitlement of thirty (30) days in any one year. On leaving the employment of the Company for whatever reason, the Company will, as applicable, compensate the Executive for any accrued but unused vacation entitlement based upon the Executive's then current Base Salary or set off against any amounts owed to the Executive any amounts owed by the Executive to the Company, including with respect to any vacation used but not accrued to the date of termination.

ARTICLE 6
STOCK OPTIONS

The Executive will be eligible to participate in the 2007 Gran Tierra Energy Equity Incentive Plan and in applicable future stock option plans and/or incentive award plans as approved by the Board.

ARTICLE 7
PERQUISITES AND EXPENSES

The Company recognizes that the Executive will incur expenses in the performance of the Executive's duties. The Company shall reimburse the Executive for any reasonable out of pocket expenses incurred in the course of employment, upon providing the Company with reasonable substantiation and receipts for such expenditures.

ARTICLE 8

TERMINATION OF EMPLOYMENT

8.1 Termination Without Notice

This Agreement and the Executive's employment with the Company may be terminated, without the Company being obligated to provide the Executive with advance notice of termination or pay in lieu of such notice, whether under contract, statute, common law or otherwise, in the following circumstances:

(a) **Voluntary Resignation**

In the event the Executive voluntarily resigns, except where the Executive resigns for Good Reason as provided for in this Agreement, the Executive will give a minimum of ninety (90) days' advance written notice to the Company. The Executive will not be entitled to receive any further compensation or benefits whatsoever other than those which have accrued up to the Executive's last day of active service with the Company. The Company may, at its discretion, waive in whole or in part such notice with payment in lieu to the Executive;

(b) **Cause**

The Company may terminate the employment of the Executive at any time without notice for Cause. The Executive will not be entitled to receive any further compensation or benefits whatsoever other than those which have accrued up to the Executive's last day of active service with the Company.

"Cause" is defined as any of the following:

(a) participation in a fraud or dishonesty against the Company;

(b) participation in an act of dishonesty against the Company intended to result in your personal enrichment;

(c) the intentional making by the Executive or any member of the Executive's family of any material personal profit at the expense of the Company without the prior written consent of the Company;

(d) willful material breach by the Executive of a provision of this Agreement or of the Company Policies (as defined in Article 17);

(e) intentional significant damage to the Company's property by the Executive;

(f) conduct by you that, in the good faith and reasonable determination of the Board, demonstrates gross unfitness to serve provided that in such event, the Company shall provide notice to you describing the nature of the gross unfitness and you shall thereafter have ten (10) days to cure such gross unfitness if such gross unfitness is capable of being cured.

The Company may not terminate your employment for Cause unless and until you receive a copy of a resolution duly adopted by the affirmative vote of at least a majority of the Board finding that in the good faith opinion of the Board that "Cause" exists and specifying the particulars thereof in reasonable detail.

8.2 Termination by the Company without Cause

The Company may terminate the Executive's employment without Cause at any time by providing the Executive with a separation package (the " **Separation Package**") equal to 1.5 times the Base Salary and Bonus paid and payable to the Executive during the twelve (12) month period prior to such termination.

The Separation Package shall be payable in a lump sum within thirty (30) days of the termination of the Executive.

8.3Termination by the Executive for Good Reason.

Should the Executive terminate his employment for Good Reason, as hereinafter defined, he shall receive the Separation Package set out in Article 8.2. Failure of the Executive to terminate his employment on the occurrence of any event which would constitute Good Reason shall not constitute waiver of his right under this Article 8.3. Notwithstanding the foregoing, the Executive may terminate his employment for Good Reason so long as the Executive tenders his resignation to the Company within thirty (30) days after the occurrence of the event that forms the basis for the resignation for Good Reason; provided, however, that the Executive must provide written notice to the Company describing the nature of the event that the Executive believes forms the basis for the resignation for Good Reason, and the Company shall thereafter have ten (10) days to cure such event.

"Good Reason" is defined as the occurrence of any of the following without the Executive's express written consent:

(a) an adverse change in the Executive's position, titles, duties or responsibilities (including new, additional or changed formal or informal reporting responsibilities) or any failure to re-elect or re-appoint him to any such positions, titles, duties or offices, except in connection with the termination of his employment for Cause;

(b) a reduction by the Company of the Executive's Base Salary except to the extent that the annual base salaries of all other executive officers of the Company are similarly reduced or any change in the basis upon which the Executive's annual compensation is determined or paid if the change is or will be adverse to the Executive except that an award of any annual performance bonuses (including the Bonus) by the Company's Compensation Committee (and approved by the Board) are discretionary and in no instance shall be considered adverse to Executive if such performance bonus is reduced from a prior year or if an annual performance bonus is not paid;

(c) a Change in Control (as defined below) of the Company occurs; or

(d) any breach by the Company of any material provision of this Agreement.

A "Change in Control" is defined as:

(a) a dissolution, liquidation or sale of all or substantially all of the assets of the Company;

(b) a merger or consolidation in which the Company is not the surviving corporation;

(c) a reverse merger in which the Company is the surviving corporation but the shares of the Company's common stock outstanding immediately preceding the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise; or

(d) the acquisition by any person, entity or group within the meaning of Section 13(d) or 14(d) of the Exchange Act, or any comparable successor provisions (excluding any employee benefit plan, or related trust, sponsored or maintained by the Company or any affiliate of the Company) of the beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act, or comparable successor rule) of securities of the Company representing at least fifty percent (50%) of the combined voting power entitled to vote in the election of directors.

ARTICLE 9
DIRECTORS/OFFICERS LIABILITY

9.1 Indemnity

Gran Tierra shall provide to the Executive indemnification in accordance with the Indemnification Agreement entered into between Gran Tierra and the Executive.

9.2 Insurance

(a) Gran Tierra shall purchase and maintain, throughout the period during which the Executive acts as a director or officer of Gran Tierra or a Member Company and for a period of two years after the date that the Executive ceases to act as a director or officer of Gran Tierra or a Member Company, directors' and officers' liability insurance for the benefit of the Executive and the Executive's heirs, executors, administrators and other legal representatives, such that the Executive's insurance coverage is, at all times, at least equal to or better than any insurance coverage Gran Tierra purchases and maintains for the benefit of its then current directors and officers, from time to time.

(b) If for any reason whatsoever, any directors' and officers' liability insurer asserts that the Executive or the Executive's heirs, executors, administrators or other legal representatives are subject to a deductible under any existing or future directors' and officers' liability insurance purchased and maintained by Gran Tierra for the benefit of the Executive and the Executive's heirs, executors, administrators and other legal representatives, Gran Tierra shall pay the deductible for and on behalf of the Executive or the Executive's heirs, executors, administrators or other legal representatives, as the case may be.

9.3 Survival

The provisions of sections 9.1 and 9.2 of this Agreement shall survive the termination of this Agreement or the employment of the Executive with Gran Tierra and such provisions shall continue in full force and effect in accordance with such Indemnification Agreement and the provisions of this Agreement for the benefit of the Executive.

ARTICLE 10
NON-COMPETITION AND CONFIDENTIALITY

10.1 Fiduciary Duties & Non-Competition

The Executive recognizes and understands that in performing the duties and responsibilities of his employment as outlined in this Agreement, he will be a key employee of the Company and will occupy a position of high fiduciary trust and confidence, pursuant to which he has developed and will develop and acquire wide experience and knowledge with respect to all aspects of the services and businesses carried on by Gran Tierra and its Member Companies and the manner in which such businesses are conducted. It is the expressed intent and agreement of the Executive and of the Company that such knowledge and experience shall be used solely and exclusively in the furtherance of the business interests of Gran Tierra and its Member Companies and not in any manner detrimental to them. The Executive therefore agrees that so long as he is employed by the Company pursuant to this Agreement he shall not engage in any practice or business in competition with the business of Gran Tierra or any of its Member Companies. The Executive further agrees that the Executive's fiduciary duties shall survive the termination, for any reason, of this Agreement or any obligation of the Executive to provide any services to the Company.

10.2 Confidentiality

The Executive further recognizes and understands that in the performance of his employment duties and responsibilities as outlined in this Agreement, he will be a key employee of the Company and will become knowledgeable, aware and possessed of confidential and proprietary information, know-how, data, strategic studies, techniques, knowledge and other confidential information of every kind or character relating to or connected with the business or corporate affairs and operations of Gran Tierra and its Member Companies, including, without limitation, geophysical studies and data, market data, engineering information, shareholder data, client lists, compensation rates and methods and personnel information (collectively " **Confidential Information**") concerning the business of Gran Tierra and its Member Companies. The Executive therefore agrees that, except with the consent of the Board, he will not disclose such Confidential Information to any unauthorized persons so long as he is employed by the Company pursuant to this Agreement; provided that the foregoing shall not apply to any Confidential Information which is or becomes known to the public or to the competitors of Gran Tierra or its Member Companies other than by a breach of this Agreement.

10.3 Following Termination of Agreement

Subject to this Article 10 and without otherwise restricting the fiduciary obligations imposed upon, or otherwise applicable to the Executive as a result of the Executive having been a senior officer and key employee of the Company, the Executive shall not be prohibited from obtaining employment with or otherwise forming or participating in a business competitive to the business of the Company after termination of this Agreement and the Executive's employment with the Company.

10.4 Business Records

The Executive agrees to promptly deliver to the Company, upon termination of his employment for any reason, or at any other time when the Company so requests, all documents relating to the business of the Company or its Member Companies, including, without limitation: all reports and related data, such as summaries, memoranda and opinions relating to the foregoing, contract files, notes, records, manuals, correspondence, financial and accounting information, client lists, statistical data and compilations, patents, copyrights, trademarks, trade names, methods, processes, agreements, contacts or any other documents relating to the business of the Company or its Member Companies, and all copies thereof and therefrom (collectively, the " **Business Records**"). The Executive confirms that all of the Business Records which are required to be delivered to the Company pursuant to this Agreement constitute the exclusive property of the Company. The obligations of confidentiality set forth in this Agreement shall continue notwithstanding the Executive's delivery of any such documents to the Company.

ARTICLE 11
CHANGES TO AGREEMENT

Any modifications or amendments to this Agreement must be in writing and signed by all Parties or else they shall have no force and effect. Notwithstanding the foregoing, the Company may assign this agreement to a Member Company, without the consent of the Executive.

ARTICLE 12
ENUREMENT

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and assigns, including without limitation, the Executive's heirs, executors, administrators and personal representatives.

ARTICLE 13
GOVERNING LAW AND JURISDICTION

This Agreement shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. Any action arising from or relating any way to this Agreement, or otherwise arising from or relating to Executive's employment with the Company, shall be tried in the Court of Queen's Bench situated in Alberta. The Parties consent to jurisdiction and venue in those courts to the greatest extent possible under law.

ARTICLE 14
NOTICES

14.1 Notice to Executive

Any notice required or permitted to be given to the Executive shall be deemed to have been received if delivered personally to the Executive or sent by courier to the Executive's home address last known to the Company.

14.2 Notice to Company

Any notice required or permitted to be given to the Company shall be deemed to have been received if delivered personally to, sent by courier, or sent by facsimile to:

Gran Tierra Energy Inc.
300,625-11th Avenue S.W.
Calgary, Alberta, Canada, T2R 0E1
Fax: (403) 265-3242
Attn: President

ARTICLE 15
WITHHOLDING

All payments made by the Company to the Executive or for the benefit of the Executive shall be less applicable withholdings and deductions.

ARTICLE 16
INDEPENDENT LEGAL ADVICE

The Executive acknowledges that the Executive has been advised to obtain independent legal advice with respect to entering into this Agreement, that he has obtained such independent legal advice or has expressly deemed not to seek such advice, and that the Executive is entering into this Agreement with full knowledge of the contents hereof, of the Executive's own free will and with full capacity and authority to do so.

ARTICLE 17
COMPANY POLICIES

As an employee of the Company, the Executive is required to comply with all Company policies and procedures, as may be amended by the Company from time to time (the "**Company Policies**" certain of which may be found at www.grantierra.com). The Company Policies are deemed to be incorporated by reference into this Agreement. The Executive agrees to review and provide written acknowledgement on an annual basis of his acceptance of the Company Polices, including policies with respect to business conduct and ethics, insider trading, complaints reporting, foreign corrupt practices, information security, computer use, and disclosure.

ARTICLE 18
WAIVER

No failure or delay by any Party in exercising any right, power or privilege under this Agreement will operate as a waiver of those rights, powers or privileges, nor will any waiver in one instance be deemed to be a continuing waiver in any other instance.

ARTICLE 19
SEVERABILITY AND ENFORCEABILITY

If any court of competent jurisdiction declares any provision of this Agreement invalid, void or unenforceable in whole or in part, for any reason, it shall be deemed not to affect or impair the validity of the remainder of this Agreement, which shall remain in full force and effect. To the extent that any court concludes that any provision of this Agreement is void or voidable, the court shall reform such provision(s) to render the provision(s) enforceable, but only to the extent absolutely necessary to render the provision(s) enforceable.

ARTICLE 20
PRIVACY

The Executive acknowledges and agrees that the Executive will take all necessary steps to protect and maintain Personal Information (information about an identifiable individual) of the employees, consultants or customers of the Company obtained in the course of the Executive's employment with the Company. The Executive shall at all times comply, and shall assist the Company to comply, with all applicable laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection Act* (Alberta) ("**Applicable Privacy Laws**").

The Executive acknowledges and agrees that the disclosure of the Executive's Personal Information may be required as part of the ongoing operations of the Company's business, as required by law or regulatory agencies, as part of the Company's audit process, as part of a potential business or commercial transaction or as part of the Company's management of the employment relationship (the " **Personal Information Disclosure**"), and the Executive hereby grants consent as may be required by Applicable Privacy Laws to the Personal Information Disclosure.

ARTICLE 21
REPLACEMENT OF PRIOR AGREEMENT

The Parties acknowledge that the Prior Agreement is hereby replaced in its entirety by this Agreement. Pursuant to Article 11 of the Prior Agreement, this Agreement shall be effective, and the Prior Agreement shall be terminated, upon the execution of this Agreement by the Parties. Upon such execution, all provisions of the Prior Agreement are hereby superseded in their entirety and replaced herein and shall have no further force or effect.

ARTICLE 21

COUNTER PART EXECUTION

This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed an original Agreement for all purposes; provided that no Party shall be bound to this Agreement unless and until all Parties have executed a counterpart. Delivery of a copy of a counterpart by facsimile or email by one Party to the other Party shall be deemed to be delivery of an original by that Party.

IN WITNESS OF WHICH the Parties have duly executed this Agreement as of the date set forth below, with an effective date as of May 2, 2012.

GRAN TIERRA ENERGY CANADA ULC, an Alberta corporation

By: /s/ Dana Coffield
Name: Dana Coffield
Title: President and CEO

Date: May 3, 2012

GRAN TIERRA ENERGY INC., a Nevada corporation

By: /s/ Dana Coffield
Name: Dana Coffield
Title: President and CEO

Date: May 3, 2012

EXECUTIVE

By: /s/ James Rozon

Date: May 3, 2012

SIGNED, SEALED & DELIVERED
In the presence of:T

/s/ Wes Carter
Witness

SCHEDULE A

Duties & Responsibilities

- Management of financing, accounting, treasury, tax, risk management, compliance/reporting and information technology functions of Gran Tierra Energy Inc. and its subsidiaries
- Support the CEO and Board by ensuring the financial integrity of the Company.
- Ensure the Company's strong financial position is maintained.
- Ensure that the Company's records and reports accurately reflect the Company's financial position and results of operations.
- Ensure the Company's financial controls are properly designed and operating effectively.
- Provide assurance to the Audit Committee of the Board, auditors, and regulatory bodies on the integrity of the Company's financial reports and control environment.
- Efficient stewardship of cash and working capital.
- Accurately monitor costs and financial reporting against budgets and forecasts.
- Develop a strong Finance Team.
- Coordination of financial functions of operating subsidiaries

Exhibit 31.1

CERTIFICATION

I, Dana Coffield, certify that:

1. I have reviewed this Form 10-Q of Gran Tierra Energy Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Dana Coffield

Dana Coffield
Chief Executive Officer

Date: May 7, 2012

Exhibit 31.2

CERTIFICATION

I, James Rozon, certify that:

1. I have reviewed this Form 10-Q of Gran Tierra Energy Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ James Rozon

James Rozon
Chief Financial Officer

Date: May 7, 2012

Exhibit 32.1

CERTIFICATIONS PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Gran Tierra Energy Inc. (the "Company") for the quarter ended March 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Dana Coffield, Chief Executive Officer of the Company, and James Rozon, Chief Financial Officer of the Company, each hereby certifies, to the best of his knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report, to which this Certification is attached as Exhibit 32.1, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 7, 2012

/s/Dana Coffield
Dana Coffield
Chief Executive Officer

/s/ James Rozon
James Rozon
Chief Financial Officer

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934 (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.