

## **Environmental and Social Information Summary for the Public**

**Screening:** This project has been screened as Category A under OPIC's environmental guidelines because it involves a major expansion of enhanced oil recovery operations that have the potential to affect a large area. The major environmental and social issues of concern associated with the production of oil are air emissions, wastewater discharges, oily-waste management, control of oil spills, disposal of drilling muds, worker safety, the adequacy of fire protection, and impacts on the nearby communities.

**Applicable Standards:** In addition to the applicable Colombian requirements, OPIC's due diligence indicates that the investment will have impacts that must be managed in accordance with the following standards: (i) the International Finance Corporation's (IFC) Onshore Oil and Gas Development (April 30, 2007) and applicable provisions of General Environmental, Health, and Safety Guidelines (April 30, 2007); (ii) the World Health Organization's Guidelines for drinking water or treated to baseline quality for water re-injected into groundwater; (iii) the applicable provisions of American Petroleum Institute's (API) Standard 2610 for Design, Construction, Operation, Maintenance, and Inspection of Terminal & Tank Facilities; (iv) "Dutch Standards" (VROM, Dutch Ministry of Housing, Spatial Planning and Environment, Circular 21 137, dated February 4, 2000) for the treatment of contaminated soil, sediments, and waters; and (v) IFC's Performance Standards 1, 2, 3, 4, and 6. The Project site is not located near any area of cultural significance and will not result in any adverse impacts on internationally-designated protected areas or critical habitats. There are no indigenous people living near the Project. Since the Project will not acquire land, there will be no physical or economic displacement. Therefore, IFC's Performance Standards 5, 7, and 8 are not applicable to the Project.

**Key Issues and Mitigation:** The Project is located in an existing oil field and involves enhanced oil recovery using horizontal drilling technology at existing well sites. There will be no need to clear any additional land for drilling pads or access roads. The major risks are related to air emissions, wastewater discharges, oily-waste management, control of oil spills, disposal of drilling muds, worker safety, and the adequacy of fire protection.

The Project's greenhouse gas emissions (80,000 tons of carbon dioxide equivalent) are less than 100,000 tons and therefore, it is not considered a major source of greenhouse gas emissions.

Groundwater is abstracted to meet the project's water requirements. Electricity is produced by generators that are fueled by gas (that is associated with the extraction of oil). Small quantities of sewage will be treated in a wastewater treatment unit. Solid wastes are treated to reduce the toxicity of contaminants present. The Project has identified the safety provisions that will be followed to manage hazardous materials including flammables. The Project has submitted: (i) Annual Reports on its performance; (ii) Environmental Management and Monitoring Plan, Spill Prevention and Control Countermeasures Plan, Occupational Health and Safety Plan, and Fire Prevention and Control Plan; and (iii) held public consultations at least on annual basis and address community concerns.

It is anticipated that the Project can be operated in accordance with the above-mentioned applicable standards. An independent audit will be required within three years of OPIC support to demonstrate compliance with environmental and social conditions set forth in the loan agreement.

**OPIC Site Visit:** OPIC staff undertook an environmental and social due diligence site visit from August 8 through 12, 2010. Meetings were held with the local officials of Palagua Environmental Management Unit. No outstanding issues were identified by the regulatory authorities.

**Community Consultations:** The Project holds annual meetings with the local communities and solicits their feedback on the Project's performance. Locally affected people did not voice any concerns related to the environmental or social impacts of the project. The Project's Environmental and Social Impact Assessment is available at the Palagua Environmental Management Unit's office. The Project has a full time Environmental and Safety Officer and an established grievance mechanism.