

The cover features a large central circle with a blue and white diagonal hatched pattern. This circle is set against a background of overlapping semi-circular shapes in shades of green, blue, and grey. The text is centered within the hatched circle.

ARPEL
Annual report
2014

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Governance

Board of Directors

Chairman:

Benito Edgardo Piñeiro (ANCAP)

Vice Chairmen:

Óscar Villadiego (ECOPETROL)

Claudio De Diego (PLUSPETROL)

Members

César Ordóñez (EP PETROECUADOR)

Bob Fryklund (IHS CERA)

Luis Macías Chapa (PEMEX)

Demarco Epifanio (PETROBRAS)

Alex Moody-Stuart (SCHLUMBERGER)

María Isabel Fernández (REPSOL)

Fiscal Commission

Chairman

Esteban Bertarelli (PETROPERU)

Members

Edgar Kyle Chapman (WEATHERFORD)

Verónica Rollandi (SPECTRUM)



Membership

Active Members

ANCAP
AXION ENERGY
CENIT
CHEVRON
ECOPETROL
ENAP
EP PETROECUADOR
EQUION ENERGÍA
HUNT OIL
OCENSA
PCJ
PDVSA
PEMEX
PETROAMAZONAS EP
PETROBRAS
PETROPAR
PETROPERU
PETROTRIN
PLUSPETROL
RECOPE
REPSOL
STAATSOLIE
TECPETROL
YPF
YPFB

Cooperative Members

ACCENTURE
IHS CERA
SCHLUMBERGER
SPECTRUM
WEATHERFORD
TEMA

Institutional Members

AIHE
Oil Industry Association of Ecuador

AIPN
Association of International Petroleum Negotiators

CBHE
Bolivian Chamber of Hydrocarbons and Energy

CIER
Regional Energy Integration Commission

ENERCLUB
Spanish Club of Energy

COCATRAM
Central American Commission of Maritime Transportation

IAPG
Argentinean Oil and Gas Institute

IBP
Brazilian Institute of Petroleum, Natural Gas and Biofuels

IOGP
International Association of Oil & Gas Producers

IPIECA
International Petroleum Industry Environmental Conservation Association

OSRL
Oil Spill Response Limited

RAC/REMPEITC-Caribe
The Regional Marine Pollution Emergency Information and Training Center for the Wider Caribbean

WPC
World Petroleum Council

New Memberships

ARPEL welcomed YPF and CENIT as new active members, and TEMA as new cooperating member as of 2014. There were no disaffiliations during the year. HUNT OIL and AXION ENERGY confirmed their membership as of 2015.



Letter of the Chairman of the Board of Directors

At the beginning of a very special year for our Association, as the Chairman of the Board of Directors, I would like to wish all of you who are part of ARPEL all the best for 2015.

Throughout its almost 50 years, ARPEL has always been present in the extraordinary development of the Oil, Gas and Biofuels sector in Latin America and the Caribbean.

Our institution was founded in 1965 with the shared mission of eight founding companies, under the name “Regional Association of State Oil Companies.” In addition to the companies that have joined the Association since then, all the founders continue to be members of ARPEL.

At present, we are the Regional Association of Oil, Gas and Biofuels Sector Companies in Latin America and the Caribbean, and we are honored to have among our active and cooperative members about thirty operators, both state and private companies, as well as providers of goods and services, covering over 90% of the total operations in the region. Besides these companies, we have more than twenty institutional members and alliances, such as WPC, WEC, IPIECA, IAPG, IBP, OLADE, ALADI, OAS and CIER. We have connections with a wide spectrum of national and international entities. In addition, we act as a forum of convergence of hydrocarbons agencies and other governmental entities, providing spaces for dialogue, such as LATINVE&P and the biennial Regional Conference.

The “engine” of ARPEL comprises over 300 expert delegates of member companies in the seven Technical Committees that work on all the strategic issues of the companies, from purely industrial issues, as the E&P, Refining, Pipelines and Terminals, and Gas and Energy, to cross-sectional issues, as the Human Talent, Environment, Health and Safety, and Corporate Social Responsibility, and also emerging issues, such as Governance, Risk Analysis and Compliance.

The intense work of the Committees was crystallized in the organization of 10 events and workshops, 12 instances of mutual technical assistance, and the development of 11 technical publications.

I would like to express our recognition to the work of the Representatives and Committees’ Delegates, who have greatly contributed -together with the staff of the Secretariat and all the General and Executive Secretaries- to fulfill the objectives of ARPEL in these first 50 years.

Recent changes in the price of crude oil present a great challenge for the industry in the region. This new scenario provides opportunities to strengthen cooperation and innovation among the companies in the sector. Precisely, “Cooperation and Innovation” will be the motto of our next Conference to be held in April 2015.

The Board of Directors of our Association has begun in 2014 and expects to complete in the first half of 2015 a process of definition of a new strategic framework, in order to lay the foundations for the next 50 years of a successful ARPEL. We look forward to the cooperation and work of all member companies’ representatives to achieve our goals.

Benito Edgardo Piñeiro
Chairman of the Board of Directors

Executive Summary

A very intense year for ARPEL

MEMBERSHIPS

- Three new member companies: YPF, TEMA and GENIT
- Two companies that have already confirmed their membership as of 2015: HUNT OIL and AXION ENERGY

COURSES

Fifteen courses were organized (5 of them in-company), increasing considerably the number of courses held in 2013, as well as the number of participants, which exceeded 400 professionals.

The issues covered were Pipeline Integrity Management, Indigenous Peoples and the Hydrocarbon Industry, Readiness for Oil Spills - RETOS Tool, CSR Management and Process Safety.

COOPERATION AGREEMENTS AND INSTITUTIONAL RELATIONS

- Agreements were signed with the Commission for Regional Energy Integration (CIER) and the Spanish Energy Club (ENERCLUB), and the agreement with the Central American Commission on Maritime Transport (COCATRAM) came into effect.
- Increased participation of ARPEL at regional and international events, with greater exposure of the Association's work and the achievements of the industry in the region. Some of these events were the following:
 - World Petroleum Congress - Stand and presentation
 - VIII INGEPET - Stand and presentation
 - Presentations at IntegraCIER, YPFB Oil & Gas Congress and Rio Oil & Gas
- The Regional Program on Energy Efficiency was launched along with ALADI, CAF, ECLAC, CIER, OAS, OLADE and WEC, which responds to the recommendations that emerged from Phase I of the initiative "Toward a New Regional Energy Agenda"

MUTUAL ASSISTANCE AND TECHNICAL COOPERATION AGREEMENTS

There were 12 instances of mutual technical cooperation with the participation of 17 member companies. In addition, three collaborative studies on Environment, Health and Safety Benchmarking were implemented.

The intense work developed by the Technical Committees and the different working groups was crystallized in the organization of 10 events and workshops, 11 technical publications and the above-mentioned instances of mutual technical assistance.

LATINVE&P 2014

(Lima - March)

The second edition of the event was organized with the support of Petroperu and Perupetro, and it was attended by more than 300 professionals, senior officers and executives.

86TH MEETING OF EXPERTS -RANE-

(Buenos Aires - October)

These technical congresses were re-launched after almost 10 years. This edition was focused on "Reservoir Management."

FIRST FORUM ON GOVERNANCE, RISK AND COMPLIANCE

(Rio de Janeiro - November)

Organized together with IBP, this event positioned the Association at the forefront of the key issues of the industry in the region, and included the special participation of Minister Jorge Hage, Head of the Office of the Comptroller General of Brazil.

FIRST SYMPOSIUM ON HUMAN TALENT AND KNOWLEDGE MANAGEMENT

(Lima - August)

More than 120 professionals from 36 companies gathered at this groundbreaking event for the region.

WORKSHOP "BUSINESS AND HUMAN RIGHTS"

(Rio de Janeiro - August)

The workshop facilitated by professionals of Shift Project, with the participation of the Executive Secretary of the IACHR of the OAS, Emilio Álvarez Icaza, was an important milestone in the dissemination and levelling of knowledge on this issue.

WORKSHOP "MANAGEMENT OF MAJOR REFINING PROJECTS AND SURFACE FACILITIES"

(Cartagena, Spain - September)

The workshop furthered the approach and exchange between the main operators of the industry and engineering and construction companies.

WORKSHOP "FIRE SAFETY"

(Montevideo - November)

WORKSHOP "PROCESS SAFETY ELEMENTS"

(San Jose de Costa Rica - March)

ARPEL-SOLOMON ASSOCIATES WORKSHOP "BENCHMARKING IN PIPELINES FOR LIQUIDS"

(Santa Cruz - March)

WORKSHOP "MONITORING AND INSPECTION OF PIPELINE INTEGRITY AGAINST GEOHAZARDS"

(Cartagena de Indias - October)

PUBLICATIONS

Eleven new technical publications were issued: four guidelines on best practices, three benchmarking reports on environment, health and safety, two executive reports, one white paper and one database of statistics.

IT

The main achievements of the year were the implementation of online payment of courses and workshops, the completion of the first phase of virtualization of servers and the installation of the webinar tool, which will allow promoting the activities of ARPEL and enhance the value added by the Association.

COMMUNICATIONS

Several communication actions were taken, such as the launch of the newsletter, the renewal of the web page, greater presence in social networks and greater exposure in specialized media, in order to communicate to the various audiences the actions and progress of member companies with regard to operational and management excellence, as well as generate greater interest in the work of the Association.

STRATEGIC PLAN

Two meetings were held in the framework of the strategic planning process. The members of the Board of Directors, the Presidents of the Technical Committees and the staff of the Executive Secretariat participated in this process. The key messages and the main outlines of the five-year Plan were defined; and it is expected to be completed in the first half of 2015.

Institutional Relations

In 2014, in order to promote the development of the energy sector, ARPEL signed agreements with the Commission for Regional Energy Integration (CIER), and the Spanish Energy Club (ENERCLUB). The same year, the agreement with COCATRAM came into effect.



ARPEL participated in several regional and international events during 2014:

- Presentation and stand (shared with the WPC Uruguayan Delegation) in the World Petroleum Congress held in Moscow, Russia
- Presentation and stand at the VIII INGEPEP in Peru
- Presentation and participation at the INTEGRACIER, an event held in November in Punta del Este for the 50th anniversary of CIER
- Presentations and participation at: Paraguay Energy Summit & Expo in Asuncion, YPFB Oil & Gas Congress in Santa Cruz, Bolivia, Rio Oil & Gas, Workshop on the Ratification, Implementation and Enforcement of the International Convention OPRC in Suriname, Heavy Oil Latin America Congress on Margarita Island, Venezuela, organized by INTEVEP of PDVSA

Regional Energy Agenda

The coordinated efforts with ALADI, CAF, ECLAC, CIER, OEA, OLADE and WEC continued in 2014, with special emphasis on the incorporation of the recommendations within the integration agendas, and work began on issues that can have an effective impact on the regional energy agenda.

One of the issues selected as key within these recommendations was energy efficiency. A regional program was designed in 2014 for the development of an energy efficiency projects' market in Latin America. It will consist of a strategy adapted to the current situation in the region and specific activities to be carried out by regional agencies, identifying the potential specific contribution of each agency. This program was launched in September in the headquarters of ALADI. ARPEL will contribute to identify potential energy efficiency projects in the sector feasible to be funded by CAF.

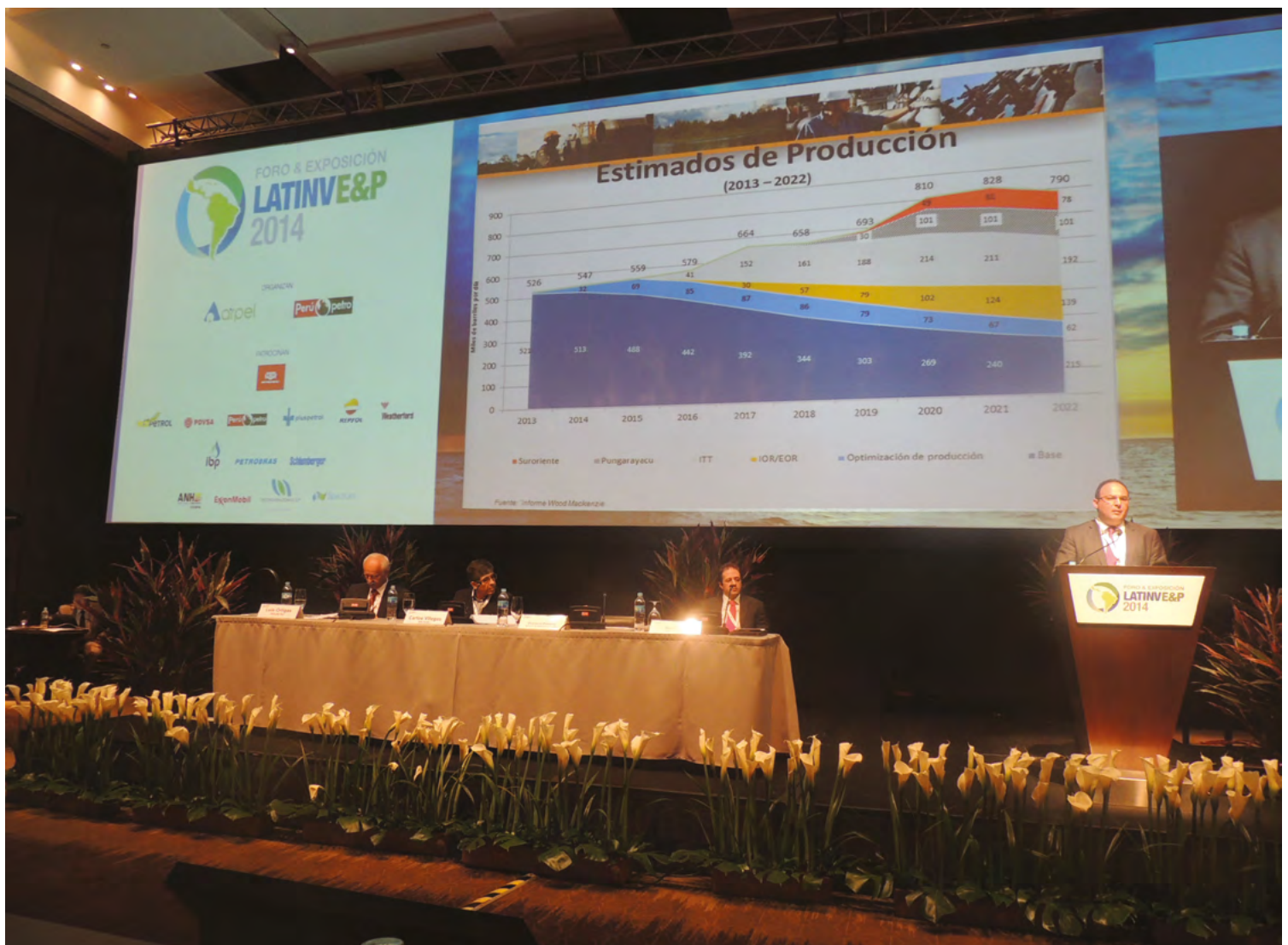


"The governance, effectiveness and efficiency of the energy chain must be improved in order to be able to cope with the challenges of the future. We hope that this agreement will provide institutional support to long-dated relations and strengthen the common activities of both institutions in a pragmatic and efficient manner."

Juan José Carrasco, Executive Director of CIER, during the signing of the agreement.

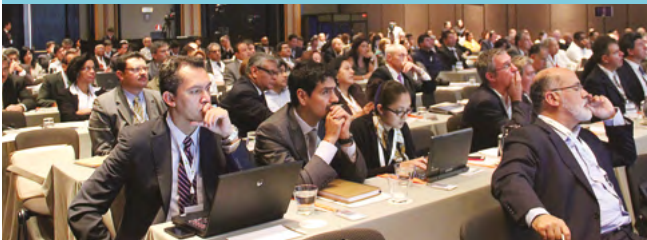
LATINVE&P 2014

From March 26 to 28, 2014, the hydrocarbons agencies of the region and investors from around the world gathered in the Convention Center of the Westin Hotel in Lima, Peru, to analyze the opportunities for investment in oil and gas exploration and production in Latin America and the Caribbean.





The event was attended by over 300 professionals from government agencies in the hydrocarbons sector, investors, E&P operators and service providers for E&P activities.



The **Forum** included seven lectures and nine plenary sessions, and also an interactive survey that provided information about the priorities of participants. Bidding rounds and other investment opportunities, contract models, incentives and guarantees offered in countries of the region were presented, and the challenges and solutions for the effective development of business in oil and gas exploration and production in Latin America and the Caribbean were analyzed.

The **exhibition** represented a unique place for marketing hydrocarbon prospects, upcoming bidding rounds and other opportunities.

The co-organizer of this edition was **Perupetro**, and **Petroperu** was the national sponsor.



“Investments in the upstream sector represent an important contribution to the GDP of countries, and their growth supports directly and indirectly the economic development of the countries in the region.”

Evandro Correa, Repsol E&P Pacific Director and Vice Chairman of the Organizing Committee of LATINVE&P 2014.

TECHNICAL COMMITTEES

Exploration and Production (AEPC)

Pipelines and Terminals (PITECO)

Refining and Fuels (REFCOM)

Gas and Energy (AGEC)

Environment, Health and Safety (CASYSIA)

Social Responsibility (SRC)

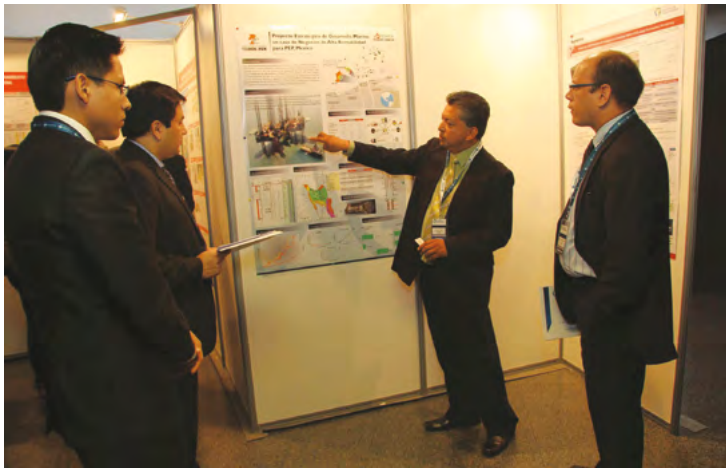
Human Talent and Knowledge Management (HT&KMC)



Exploration and Production (AEPC)

The work of this Committee is focused on the promotion of opportunities and analysis of challenges for the development of upstream business in the region, as well as on the development of best practices and capacity building required for the continuous improvement in the operational performance of member companies.





EVENTS AND MEETINGS

Meetings of the Committee:

March 25, Lima, Peru.

October 8, Buenos Aires, Argentina.

The 86th ARPEL Experts Level Meeting (RANE) on “Reservoirs Management”

October 6-7, Buenos Aires, Argentina.

DELIVERABLES

- **Presentations of the 86th RANE** uploaded to ARPEL web page
- **White Paper** “Considerations to Promote Investment in Oil and Gas Exploration and Production in Latin America and the Caribbean” (updated version)
- **Two forums requested by hydrocarbons agencies in ARPEL web page** (“Database of Referential Prices for Miscellaneous Services in the Industry” and “Offshore Regulations”), together with a **database of focal points in the hydrocarbons agencies in the region**
- **Discussion group** on mature fields -Virtual forum in LinkedIn moderated by experts from member companies.-
- **LATINVE&P 2014** in Lima, Peru - Support in the technical organization and development
- **Survey on priorities** of ARPEL member companies regarding upstream technology



“Collaboration and exchange of ideas and techniques used in different oil fields are essential for all ARPEL member companies to develop new ideas and new ways of doing things. The industry needs people who dare to develop new ways of doing things, people like many of you. This is the way to carry the industry forward and attract much more talent.”

Jesús Grande, Executive Vice President of Exploration and Production of YPF during the 86th RANE.

INSTITUTIONAL RELATIONS

- The implementation of the **Memorandum of Understanding** between ARPEL and IOGP (International Oil & Gas Producers Association) was promoted, and a professional of IOGP joined the Task Force for ARPEL White Paper on unconventional fuels (to be published in 2015) to take advantage of the experience in technical advocacy of this association in Europe.

Presentation of key messages of ARPEL White Papers on E&P:

- “Socio-Environmental Licensing for Hydrocarbon Exploration Activities in Latin America and the Caribbean - Proposals for an Efficient Regulatory Framework” through two oral presentations:
 - **“Alternatives for an Effective Socio-Environmental Licensing Process in Latin America and the Caribbean”** (ARPEL, Pemex and IHS) at Rio Oil & Gas (September 15-18, Rio de Janeiro, Brazil)
 - **“Challenges and Alternatives for an Effective Socio-Environmental Licensing of Oil and Gas Exploration Activities in Latin America and the Caribbean”** (ARPEL, Petroperu and IHS) at the VIII INGEPEP (November 3-7, Lima, Peru)
- **“Considerations to Foster Investment in Oil and Gas Exploration and Production in Latin America and the Caribbean”** in the forum “The Role of the State Petroleum Companies and their Impact on the Hydrocarbons Industry and Economic Development” of the VIII INGEPEP (3 to 7 November, Lima, Peru)

Pipelines and Terminals (PITECO)

This Committee focuses on the development of best practices that facilitate the continuous improvement in the performance of companies in their transportation and logistics operations, particularly as they relate to the integrity of pipelines and terminals, as well as the mitigation of associated risks.



INSTITUTIONAL RELATIONS

ARPEL supported the dissemination of the 10th Monobuoy and Oil Terminal Operators Conference held in November 26-28 in Cartagena, Colombia.

These conferences are organized by SLOM (Latin-American Society of Monobuoy Operators).

PROJECTS, STUDIES AND PUBLICATIONS

Pipeline Integrity Management (GID)

Progress was made on the second update of the “Reference Manual for Pipeline Integrity Management,” whose publication was postponed to April 2015. Also, at the Meeting of Trainers of Pipeline Integrity Management held in October 20 in Cartagena, Colombia, there was a review and a comprehensive update of the Training and Accreditation Program for Pipeline Integrity Management Evaluators.

Terminals Operation Management

The update of the “Reference Manual for Terminals operational Management” was completed, based on the experience of its pilot implementation in the terminals of member companies and cross checks between terminals. Cross checks were conducted between terminals of YPF (Arica) and OCENSA (Coveñas).

Certification of Pipelines Operators

ARPEL Guidelines for Certification of Pipeline Operators were published, with agreed protocols for the preparation of local and remote pipeline operators to be certified under an international standard.

Pipelines Geotechnics

Progress was made on the development of Technical Guidelines for Monitoring and Inspection of Pipeline Integrity Management to Face Geohazards. A key milestone in this regard was a workshop held October 20 in Cartagena, Colombia, for the exchange of experiences, lessons learned and best practices with regard to these topics that will be included as different chapters of the guidelines.

MBC Valves

The expected results of this project, whose original purpose was the development of a risk analysis recommendation on the use of Marine Breakaway Coupling (MBC), had to be modified due to the insufficient data collected on wrong openings of these devices. The actions carried out by the team and the general conclusions were stated in a summary report.

EVENTS AND MEETINGS

March 14, Santa Cruz, Bolivia.
October 22, Cartagena, Colombia.

ARPEL-Solomon Associates Workshop
Benchmarking in Pipelines for
Liquids – 2012 data

March 13, Santa Cruz, Bolivia.

Workshop “Monitoring and
inspection of Pipeline Integrity
against Geohazards”

October 20 -21, Cartagena, Colombia.



“We are working on best practices for ensuring the integrity of our pipelines and facilities, we seek the optimization of operation and maintenance costs, and we share knowledge and best practices as responsible operators, which will bring great benefits for the industry and communities.”

Álvaro Castañeda, Director of Engineering and Projects of CENIT TRANSPORTE and President of the Pipelines and Terminals Committee.

Refining and Fuels (REFCOM)

This Committee seeks to foster and facilitate the sustainable development of oil refining in the region, with a primary focus on the continuous improvement of operational processes and product quality, and optimal environmental and social performance.



TECHNICAL PROJECTS

Process Safety:

The purpose of this group is to develop guidelines on best practices on the use of tools to identify process hazards and evaluate the associated risks. In compliance with the work plan, there was a call for bids to hire a consultant to develop these guidelines. The project was awarded, and a group of professionals from ARPEL member companies drafted the document due to be published in the first quarter of 2015.

At the same time, at the request of YPFB, a tailored course on process safety management systems was conducted. This four-day course was held in Santa Cruz and it was attended by 19 professionals from the refining area.

Management of Major Refining Projects and Surface Facilities:

Identifying the need for companies to work in the management of large projects, a workshop was held from September 30 to October 2, 2014, in the city of Cartagena (Spain), sponsored by Repsol, with the participation of 38 professionals from the oil industry and from engineering and construction companies. The outcome of the workshop was very positive due to the high level of both exhibitors and attendees. It also featured a guided visit to the refinery of Repsol in Cartagena, whose recently completed expansion required one of the largest investments in the sector.

Groups of Expert Refining Operators:

The first groups of expert refining operators were set up with the purpose of encouraging the exchange of best practices in the solution of mechanical and operational problems, difficulties in work processes and implementation of new technologies which emerge from routine operations. Also, these groups pretend to intensify the sharing of lessons learned from operating incidents and personal accidents.

These groups seek to gather professionals directly involved in the operation, i.e., managers, plant managers and supervisors, so that the lessons learned are disseminated to all staff.

The groups on best practices are the following:

- Catalytic Cracking Group
- Coke Units Group
- Energy Optimization Group

EVENTS AND MEETINGS

Workshop "Management of Major Refining Projects and Surface Facilities"

September 30 – October 2, Cartagena, Spain

Gas and Energy (AGEC)

The main objective of the Gas and Energy Committee is to promote the exchange of knowledge among professionals and to be a space to share best practices and lessons learned in all matters related to processing, transportation, supply, distribution, market development, and new natural gas uses and technologies.



The Committee began its activities in 2014. The main tasks of the year were forming the working group, which currently comprises delegates from 19 companies and institutions, and agreeing on the main lines of action that will guide the efforts of the Committee.

Lines of action of the Committee:

- Energy and interaction with the electricity sector
- Complementarity of energy matrices
- Development of natural gas markets
- Mutual assistance and specific training needs

EVENTS AND MEETINGS

Meetings of the Committee:

June 5-6, Montevideo, Uruguay.

October 30-31, Buenos Aires, Argentina.

Meeting and visit to LNG Terminal in Escobar.

On the occasion of the meeting held in Buenos Aires there was a guided visit to the LNG terminal in Escobar.

The Association collaborated with the agenda of the event entitled "Natural Gas - Opportunities for the Future," organized by the Commission for Regional Energy Integration (CIER) in Costa Rica, through Andrew Sannazzaro, of REPSOL, who gave a speech on the Global Natural Gas Market.

Contacts were initiated with the International Gas Union (IGU) to develop a cooperation agreement starting in 2015, on the occasion of ARPEL Conference.



Environment, Health and Safety (CASYSIA)

The work of this Committee pertains to upstream and downstream operations and focuses on the prevention of occupational incidents, the integrity of operations, and the improvement of environmental management performance - with special attention to oil spill preparedness and response - and health management performance.





TECHNICAL PROJECTS

Process Safety:

The workshop “Process Safety Elements,” sponsored by RECOPE, was held in Costa Rica in March 2014. With the participation of nearly 80 professionals, the workshop focused on providing an introduction and description of the components of a process safety management system, sharing experiences and best practices of professionals from member companies.

Process Safety will continue to be the main line of work of this Committee.

Environment, Health and Safety Benchmarking:

The 2014 Reports (2013 data) on “Environmental Benchmarking” and “Industrial Safety Benchmarking” were published. At the same time, the first report on “Occupational Health Management Benchmarking” was made using the self-assessment methodology developed by the Health Committee of IPIECA/IOGP under the agreement signed in 2012 for the use of this methodology.

Workshop “Fire Safety”

From the statistics on industrial safety that ARPEL has been collecting for nearly 20 years, it is clear that the main cause of fatalities in the industry are derived from fires and explosions. In response to this need, the workshop “Fire Safety in the Oil and Gas Industry” was organized in November in Montevideo under the sponsorship of ANCAP, and attended by 60 high-level professionals.

Recognition of Performance in Industrial Safety

Starting in 2015, ARPEL will honor companies with the best performance in industrial safety in order to further promote continuous improvement and operational excellence. The Committee established and disseminated the bases for such awards in 2014.

Occupational Health

The Health Team of ARPEL developed the document “Guidelines on Health Surveillance regarding Psychosocial Risk Factors.” The development of this document was led by Repsol. Its main objective is to establish criteria and recommendations for the early detection of potential damage to workers as a consequence of exposure to psychosocial risks.

On the other hand, the team collaborated with the organization and development of the agenda of the International Forum on Occupational Health, together with Ecopetrol and the Pontificia Universidad Javeriana of Bogota. This Forum was held in August in Bogota, and was attended by 60 professionals.

Oil Spill Management

The Project Team for Emergency Response Planning, with the support of a consultant funded by the International Oil Spill Conference (IOSC), developed the updated version of the Manual and the tool RETOS™ to assess planning and preparedness to oil spills response.

EVENTS AND MEETINGS

Meetings of the Committee:

March 21, San Jose, Costa Rica.

November 3, Montevideo, Uruguay (Steering Committee Meeting).

Workshop “Process Safety Elements”

March 19-20, San José de Costa Rica.

Workshop “Fire Safety”

November 4-5, Montevideo, Uruguay



“The issue of process safety is our most important focus at this time. I think this is where we need to make a great effort to implement a very good process management system, which will enable us to have safe facilities from the time we are designing them and operating them, and subsequently make the appropriate closure at the time of completing the projects.”

Andrés Pavía, Director of EHS of Ecopetrol and President of CASYSIA, during the Workshop “Fire Safety.”



GROUP OF EXPERTS ON CLIMATE CHANGE

Given the importance of the topic to the sustainability of the industry, the Group of Experts on Climate Change began to work with the aim of generating high-level information to share with member companies.

In this respect, two documents were developed:

- Why should oil and gas companies in Latin America be concerned about negotiations on climate change? (November)
- Report on COP20 (December)

Social Responsibility (SRC)

The objective of this Committee is to enhance understanding of corporate social responsibility issues, and of the challenges and strategies to address those issues, to promote the development of a responsible corporate culture and to further the implementation of adequate social management policies, processes and systems, in order to optimize the performance of companies in this area.



TECHNICAL PROJECTS

Business and Human Rights

The Committee has selected this issue as one of its main areas of work. For this purpose, it organized the workshop “Business and Human Rights,” held August 6-7 in Rio de Janeiro in order to explore further the application of the Guiding Principles of the United Nations. This workshop brought together a total of 70 experts and was conducted by facilitators from Shift Project, a non-profit organization led by John Ruggie. Emilio Álvarez Icaza, Executive Secretary of the Inter-American Commission on Human Rights of the OAS also participated in this workshop.

Indigenous Peoples Project Team

The development of guidelines on conflict management was entrusted to the consulting firm Permiso Operacional (PERCO) of Colombia. Progress was made in the development of the document expected to be published in the first half of 2015. This paper will focus on systematizing best practices in social investment, which has been identified as one of the main points of conflict in the region.

Tripartite meetings

The Association participated in the two tripartite meetings organized in the framework of the Energy, Environment and Population Program coordinated by OLADE with the support of COICA and ARPEL. The first meeting was held in Colombia and the second meeting in Peru. Both were based on analysing a case study of prior consultation.

In October, the II International Meeting on Prior Consultation organized by GIZ and AECID was held in Cartagena, Colombia. The event brought together about 60 people from the industry, governments, indigenous groups and cooperation agencies.



“The main challenge is to disseminate and incorporate within our companies the culture of social responsibility in the hearts and minds of our people, from operators to the top level of management. I expect that the results of this dialogue and exchange of experiences will strengthen us all so that this culture increasingly becomes a culture of corporate value closely linked to our business.”

Armando Tripodi, Executive Manager of Social Responsibility of Petrobras, during the workshop “Business and Human Rights.”

EVENTS AND MEETINGS

Meetings of the Committee:

August 8, Rio de Janeiro, Brazil.

Workshop “Business and Human Rights”

August 6-7, Rio de Janeiro, Brazil.

Human Talent and Knowledge Management (HT&KMC)

The mission of this Committee is to promote the development of human, intellectual and organizational capital of member companies, fostering sustainable strategies and the exchange of experiences and best practices in human talent and knowledge management to meet the challenges of the industry.



TECHNICAL PROJECTS

Regional Training Programs

- A survey was conducted to identify the training needs in ARPEL Committees
- In company courses needs were identified
- Fifteen training courses were organized, several of them in countries where courses had not been previously provided

Management of Labor Union Relations

The Final Report on Management of Labor Union Relations was developed.

Connecting generations with energy

The database was completed.



EVENTS AND MEETINGS

Meetings of the Committee:

August 28-29, Lima, Peru.

I Latin American Symposium on Human Talent and Knowledge Management in the Oil and Gas Industry

August 26 - 27, Lima, Peru

121 participants from 38 companies and 12 countries represented. The satisfaction rating was 91%.



“The leaders we need must be sensitive, make mistakes and dialogue. Technical knowledge is not enough.”

Jaime Roa Marchant,
Head of the Department
of Organizational
Development of ENAP
Refinerías S.A.



Corporate Issues

Forum on Governance, Risk and Compliance



The First Latin American Forum on Governance, Risk and Compliance in the oil and gas sector, organized by ARPEL together with the Brazilian Petroleum Institute (IBP) was held in Rio de Janeiro.

This important event, held November 13-14, 2014, was attended by academics, specialists, business executives, representatives of institutions and government agencies from different countries in the region.

Minister Jorge Hage, Head of the Office of the Comptroller General of Brazil, was one of the special guests to the Latin American Forum on Governance, Risk and Compliance, and delivered a keynote address entitled “The global movement to combat corruption and the Brazilian legislation.”

The current business environment is becoming increasingly complex and regulated, challenging companies to remain competitive both in regional and global markets.

In this context, the importance of corporate governance, the risks associated with the business as well as the regulatory requirements and the need to achieve a level of satisfactory compliance become crucial to the sector.



“Today, the way to manage our companies is no longer a private matter; it is reported in the media and in the stock market. Today, the way in which we manage our companies is of interest to all.” **Steve Hunt, President of Hunt Business Intelligence.**

Training Courses

15

COURSES
5 in company

400

PARTICIPANTS
160 in company

7

HOST COUNTRIES
Bolivia, Brazil, Colombia, Ecuador, Peru, Uruguay and Venezuela

90%

OVERALL
PARTICIPANTS'
SATISFACTION RATE

Topics covered:

- Pipelines Integrity Management
- Indigenous Peoples and Oil Industry
- Oil Spill – RETOS Tool
- CSR Management
- Process Safety

Publications

Best Practices

- Guidelines for Certification of Pipelines Operators
- Reference Manual for Terminals Operational Management - 2014 updated edition
- Psychosocial risks factors surveillance guidelines
- RETOS Manual - 2014 updated edition

Executive Summaries

- Report on management of relations with labor unions
- COP20 Report

White papers

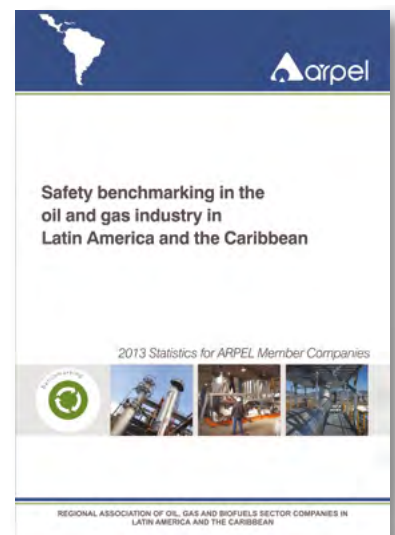
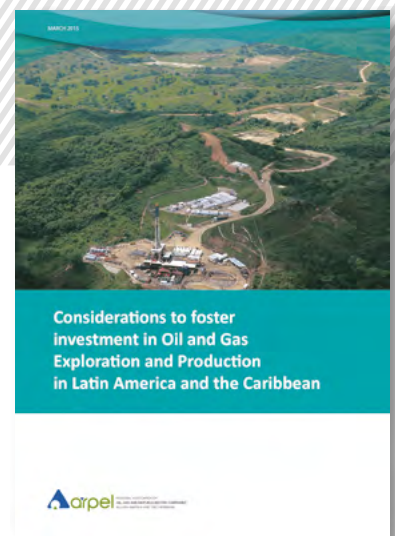
- Considerations to foster investment in E&P in LAC

Information and Statistics

- Fuels prices database

Benchmarking

- Environmental performance in the oil and gas industry in Latin America and the Caribbean - 2013 data
- Safety performance in the oil and gas industry in Latin America and the Caribbean - 2013 data
- Occupational Health Management



Mutual Technical Assistance

The Association provides the means so that professionals of member companies may have the opportunity to discuss topics of common interest, and to cooperate in the development of best practices and in the exchange of experiences and knowledge.

The table below briefly describes the activities of mutual technical assistance during 2014.

| | | | |
|--|---|--|--|
| <p>PCJ / ANCAP</p> <p>Promotion of offshore exploration</p> | <p>PCJ / YPFB / PETROBRAS / EQUION</p> <p>Supply of oil, assistance for the modernization of the refinery, and oil and gas exploration.</p> | <p>PETROECUADOR / RECOPE</p> <p>Asphalt unloading processes in terminals</p> | <p>YPFB / OCENSA / PETROBRAS / ANCAP / PLUSPETROL</p> <p>Cross check of Arica Terminal</p> |
| <p>ECOPETROL / REPSOL</p> <p>Execution and implementation of major projects</p> | <p>ECOPETROL / PETROBRAS</p> <p>Renewal of the agreement on technical cooperation in pipeline integrity</p> | <p>OCENSA / YPFB / PETROBRAS</p> <p>Cross check of Coveñas Terminal</p> | <p>YPF / PETROAMAZONAS EP</p> <p>Reservoir management</p> |
| <p>TECPETROL / OCENSA / ECOPETROL</p> <p>Estimation methodology for oil spills (onshore)</p> | <p>PETROBRAS / ANCAP / ECOPETROL</p> <p>Agreements in response to transboundary oil spill incidents</p> | <p>PETROPERU / PEMEX / ECOPETROL / EQUIÓN / SCHLUMBERGER</p> <p>Operating cost of oil fields worldwide</p> | <p>ANCAP / YPF</p> <p>Business models of fuel distribution and retail.</p> |

| MEMBER COMPANIES SHARING SYSTEMATIZED INFORMATION | FOR DATABASES OF: |
|--|---|
| ANCAP, CHEVRON, ECOPETROL, ENAP, EP PETROECUADOR, EQUION, OCENSA, PCJ, PEMEX, PETROAMAZONAS EP, PETROBRAS, PETROPERU, PETROTRIN, PLUSPETROL, RECOPE, REPSOL, STAATSOLIE, TECPETROL | Safety Benchmarking |
| ANCAP, ECOPETROL, ENAP, EP PETROECUADOR, OCENSA, PEMEX, PETROBRAS, PETROPERU, PETROTRIN, PLUSPETROL, RECOPE, REPSOL, STAATSOLIE, TECPETROL | Environmental Benchmarking |
| ECOPETROL, EQUION, EP PETROECUADOR, PETROBRAS, REPSOL, OCENSA, SCHLUMBERGER | Occupational Health Management Benchmarking |

Communications

Institutional Communication:

- Definition of Guidelines for Communication Strategy
- Design of new institutional brochures
- Creation of 50th anniversary logo and its usage manual
- Institutional animated presentation for the stand at the World Petroleum Congress and the VIII INGEPET



REGIONAL ASSOCIATION OF
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IN LATIN AMERICA AND THE CARIBBEAN

Means of communication:

Design and development of ARPEL Newsletter, which began to be disseminated in November to more than 5,000 contacts of the sector



Launch of the new ARPEL website with new contents in line with the key messages identified in the strategic planning process



Launch of the ARPEL Conference 2015 website



Continuous presence in social networks (Twitter and LinkedIn)



IT

In order to meet the growing needs of virtual interaction and to facilitate the interaction with users and provide support to the various activities of the Association, the following advances were achieved during 2014:

- The new institutional, Conference 2015 and 50th Anniversary of ARPEL websites were developed and implemented, incorporating tools that allow meeting the communication requirements identified in the strategic planning process
- The online credit card payment system for all courses and workshops was implemented in the website
- The first stage of virtualization of physical servers was completed, in order to reduce maintenance costs of hardware
- A webinar system was installed, in order to be used as a tool for virtual seminars, and also to support the Moodle platform for the development of online courses
- The first discussion group was launched in ARPEL LinkedIn. With the participation of industry leaders, this group addresses the issue of mature fields

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