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Responses to La Jolla Conference Panel Framing Questions

- **How much oil for how long? That is to say, what projections do you utilize for global oil demand to make plans for the notoriously long-term and capital intensive sector?**

Although energy transition has begun, fossil fuels are still the main energy source worldwide, and they will be at least during the next 30 years.

A greater supply of oil and gas due to the production of non-conventional resources makes us realize, from one side, that the world still needs these fuels, and from the other side, that nature may provide them and will continue providing them as long as balance between satisfying the need of energy of the poorest in the world and the need of a better control of environmental impact is achieved.

- **What is the region's upstream outlook vis-à-vis the global oil market? What role do you expect Latin America to play in the coming years? What countries lead the growth?**

Despite the fact that the region's contribution to world oil production has decreased (9 to 7 %) upstream in the region is promising due to the development of new hydrocarbon sources as Brazil's PRESALT, VACA MUERTA non-conventional in Argentina and hopefully things will get better for Mexico to take advantage of the resources that include offshore and shale possibilities.

Even though present political situation in Venezuela does not allow to give value to the great quantity of oil and gas resources in Venezuela, it is necessary to consider that potential in a long term perspective.

Additionally, it is important to consider within this perspective the efforts of Colombia and Peru to intensify exploration in offshore areas.

Solution of social and environmental issues in Ecuador and Peru should allow sustainable exploitation of huge reserves located in Peruvian and Ecuadorian jungle.

- **Where does innovation, data and digitalization fit in the future of the region's oil and gas sector?**

Digital innovation is a key factor in oil and gas industry to reduce costs, make operations faster, safer and make better decisions. Digital as integration of DATA, ANALYTICS and CONNECTIVITY is gaining a very important role in oil and gas industry. I think that in the region it remains difficult to translate digital efficiency into better financial performance.

In relation to Peru's data bank, we are making great efforts to improve the quality of the information in order to diminish geological risk and make easier the decision taking to oil and gas investors.

- **What is the outlook for bid rounds across the region in the coming months and how will they compete in a tight global upstream investment market? What tools can governments bring to bear to garner investment?**

In order to attract investment governments must establish competitive contracting conditions. Peru is at this moment reviewing the hydrocarbons Organic Law which was issued in 1993 to make it more competitive and modern. Additionally, PERUPETRO has established three axes which are the main purpose of the institution: to maximize oil & gas economic recovery of fields in current production, to solve contingencies to give value to fields discovered the last 10 years and to replace reserves through successful exploration projects.

At the moment we are offering available areas through direct negotiation but we are planning to launch a bidding process for offshore areas next year and also for Ucayali Basin. We have also the possibility sign a TEA or a TEA-Contract and an attractive fiscal regime.

In terms of promotion PERUPETRO is much more active now, we are taking part of oil and gas events around the world and also having face to face meetings with oil companies to discuss directly with them about available areas and current conditions

- **What innovations can companies (NOC's and IOC's) realistically use to increase return on capital and investment across the region's upstream?**

NOC's and IOC's need to work together in developing oil and gas in the region. NOC's need investment capital, better management practices and new technology. While IOC's need access to resources acceptable rate of returns and incentives to maximize the economic recovery of oil and gas with advanced technology.

- **There is often discussion of a "social license to operate" for companies. How is that defined today and what does it imply both for industry and government? What are appropriate roles in terms of community engagement?**

Social license has become a very important issue for companies. In Peru, according to Law, we perform Citizen Participation or Previous consultation in case of Native Communities, to inform the population who lives near the influence area of the blocks which will be part of a bidding process or a direct negotiation. Population shall be informed before negotiating a contract or launching a bidding process and also when the contract has been signed to introduce the company. Then companies also have to inform regarding their Environmental Impact Assessment Studies.

We have learned from experience, it is important to have a continuous and transparent communication with population in order to make them understand that a sustainable development of oil and gas resources will result to be beneficial to all the players and not only to the companies.

It is very important that governments assume their role with populations that live in remote areas that do not have basic services.