

SUSTAINABILITY REPORT 2009



This is just the beginning

We are just beginning to consolidate our sustainability strategy into our business. It is with pride and great excitement that I welcome you to read the first Sustainability Report in the brief history of Pacific Rubiales Energy (PRE).

We hope to build a long history of sustainable performance, with meaningful contributions to the economic, social, and environmental development in the communities where we operate. In this, and in subsequent reports, we aspire to show constant improvement in order to fulfill the expectations of our stakeholders, to provide more complete information and to set an example for sustainable management in the Latin American hydrocarbon industry.

2009: A year of growth and change

The year 2009 was of unprecedented growth for PRE: the increase in operated production over 2008 was 77% for an average of 82,887 boe/d, 36,123 boe/d net to the company. This production generated revenue of US\$639.2 million, representing an increase of 10% as compared to 2008, despite the fact that the prices for oil and natural gas were lower during 2009. In exploration, 19 successful wells of a total of 22 were drilled, for an exploratory success rate of 86% (p. 23).

PRE is a financially sound company, thanks to the expertise and wide-ranging background of our leaders, engineers and co-workers. We clearly recognize that our business strategy must incorporate global sustainability standards of practice so that we can manage the social and environmental impacts that our growing operations may have.

In addition to our operational achievements, the company is focused on beginning a process of organizational change to create a unified culture among the different subsidiaries and integrate our internal management systems. An exercise was also conducted to identify the type of culture and working environment that we want to build. This is a



participatory process with our employees and will lead to many initiatives being undertaken in 2010 (p.46).

2010: A Year of sustainable performance

Our analysis of materiality revealed the most relevant issues according to the application of two criteria: (1) the level of our experience managing these issues, and (2) their level of importance to our stakeholders. To determine materiality, we spoke directly with certain stakeholders in various fields throughout Colombia (for more information on materiality and involvement, see p. 11 and 12, respectively).

Our path forward will be determined by the following eight strategic commitments that we have defined:

- Acting with consistency and transparency
- Creating greater economic value
- Operating in harmony with the environment
- Contributing to society by improving the quality of life in communities where we operate
- Promoting respect for human rights
- Making PRE a great place to work
- Reinforcing health and safety in our operations
- Strengthening the sustainability of the value chain

In the pages that follow, I invite you to read about the performance of PRE during 2009 and our plans in 2010 to create further sustainable value, thereby strengthening our competitive position.

José Francisco Arata
President



Sustainability: Strategic and competitive cornerstone

In the resource extraction sector, sustainability has become a key to success for any company, including PRE. It supports our competitive position, allowing access to capital and investors who value sustainability; it protects our license to operate in neighbouring communities; makes us more attractive to potential partners; minimizes our footprint on the ecosystem on which we depend; and ensures that we exceed the most demanding legal standards. On the domestic side, a business being environmentally, socially and economically sustainable helps us to attract and retain the best talent in the market and to be a great place to work.

Aware of such competitive advantages, at PRE we aim to integrate sustainability across the board in our management, operations and business units. We will work hard to establish a culture of sustainability in our processes and in our people and in determining our performance criteria.

We have already taken the first steps by creating a Corporate Social Responsibility management team consisting of 16 people distributed throughout our fields of operation and Bogota. This team is responsible for the implementation of our plans for sustainability in the future and expresses our commitment to sustainability as a primary pillar of our management strategy.

Federico Restrepo Solano
Vice President of Corporate Affairs



Generating change with our sustainability policy

At Pacific Rubiales Energy we understand Corporate Social Responsibility as the expression of our commitment to the communities in which we operate. This begins with full compliance with the law, but then extends to exceeding our legal obligations to ensure that our company operates in harmony with its surroundings.

Our process is the start of a systematic and strategic change for our organization, focused on creating more value for our business, promoting human rights, improving the quality of life for our workers, being responsible for the care of the environment and applying transparent processes in all of our business practices.

We are facing an integral process of change involving great challenges and opportunities. We invite you to get acquainted with how we are developing the process and how we will continue learning and improving.

Jorge Alfredo Rodríguez
Corporate Social Responsibility Manager

Highlights of 2009



These were
the most
remarkable
achievements
during the year:

We reached and exceeded our production goal of 100,000 barrels per day in the Rubiales Field (p. 24).

We instituted a mobile playroom in Puerto Gaitán and Guaduas, one of the most innovative approaches in Colombia on the subject of children's human rights, which was warmly received by the participating stakeholders (p. 42).

Through exploration incorporated a total of 155 MMbl of gross reserves, with a success rate of 86% in our drilling campaign (p.23).

In December we became the first publicly listed international company listed on the Colombian Stock Exchange (p. 8).

In September we concluded construction of the Oleoducto de los Llanos pipeline with a length of 235 km, diameter of 61 cm and capacity for 160,000 bbl/d, which reduced the need to transport oil by road by 90% (p. 25).

We conducted fourteen different stakeholder dialogues and will be able to use the results of this systematic engagement as strategic input for our management plan in 2010 (p.13).

In August we became members of Canadian Business for Social Responsibility, with headquarters in Toronto, Canada.

In September we signed up as founders of the Regional Center for Latin America and the Caribbean in support of the United Nations Global Compact.

This is the first Sustainability Report of Pacific Rubiales Energy, a company that completes two years of existence in 2010.

This report is the result of a process of research, self-evaluation, management and training that we conducted over a period of eight months. Its scope includes our operations in Colombia and the corporate headquarters in Canada in the 2009 calendar year, and describes our initial steps to identify our material issues, structure the management of these issues, organize our measurement systems and, finally, communicate our economic, social and environmental performance.

This information complements our annual report which contains financial statements and production data. Both reports are available for download at www.pacificrubiales.com. In the coming years we hope to print less and publish more information on our web site.

We produced the report online following the guidelines of the G3 (2006) Global Reporting Initiative (GRI) with the self-declared application level "B". We will depend on external verification of our data by an entity selected by the internal auditors in subsequent reports, and we aspire that with each year the reports will be in accordance with the technical protocols of the GRI.

This document contains complete information on our stakeholder engagement processes aligned with the AA1000 standard of AccountAbility. In the coming years we expect to be able to assure its implementation through an external entity chosen by the internal auditors.

This publication is a manifestation of our effort to implement world-class sustainable management practices. It serves as a tool of interaction with our stakeholders and aims to answer the relevant issues that have been raised during consultation. The chapter titles mirror our eight strategic sustainability commitments. Each chapter is organized as follows:

What is important?

Issues identified during our analysis, with our stakeholders, of relevant issues.

1

Aspects of our strategy and management of our commitment.

2

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Highlighted cases
in terms of that
commitment.

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Where are we heading to?
Challenges 2010 +

The actions we propose
to take to improve our
future performance.

4

**The voice of our
stakeholders**

The perspective of
a stakeholder on the
issue discussed in the
relevant chapter.

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Company profile

At a glance

- Canadian oil and gas exploration and production company
- Parent company in Toronto (Canada), with operations in Colombia and Peru and main office in Bogota (Colombia)
- Created in 2008 through the merger of Pacific Stratus Energy and Petro Rubiales Energy Corp.
- Strategic vision: to continue to be the leading independent company in the hydrocarbons sector in Latin America
- Traded on the Toronto and Colombian Stock Exchanges
- Owner of 100% of Meta Petroleum Limited, which operates the Rubiales, Pirirí and Quifa oil fields, in the Colombian Llanos Basin, in association with Ecopetrol S.A., the Colombian national oil company
- Owner of 100% of Pacific Stratus Energy
- Together with Ecopetrol S.A., it holds a 35% working interest in the Oleoducto de los Llanos (ODL) pipeline
- Second largest exploration portfolio in Colombia and tenth position in Peru, for a total of 32 blocks

(For more information about the company and our history, see the sections *About Us* and *Company History* at www.pacificrubiales.com).

Corporate values

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- **Integrity:** We are consistent in our thoughts, actions, decisions and attitudes, which are developed with integrity, honesty, transparency and truthfulness for the welfare of the communities where we operate. We recognize life and the environment as the most valuable resources and we protect them.



- **Innovation:** We look for new ways to create value. We are flexible and open to experience different ways of doing things and seeing new opportunities to improve our processes. We look out for opportunities and challenges for developing the economic, social and environmental setting.



- **Diversity and inclusion:** Our team reflects inclusion; we value different ideas, talents and experience. We respect and appreciate the diverse races, genders, religions and cultures we work with.

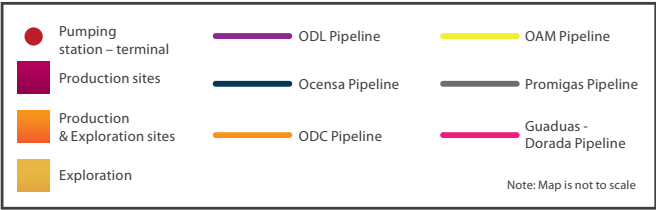


- **Excellence:** We give the best in each one of us to achieve our own objectives and those of the organization and its shareholders. We are a versatile company; we build relationships of trust and mutual benefit with governments, suppliers, partners, and the communities where we operate.



- **Leadership:** We dream big and we act big. We support the integral development of our people and we understand that the success of others is our own success. We inspire authenticity and transformation with our effort. We pass on our knowledge with generosity, aware of the progress this generates in our people and the company.

Map of assets



Our strategy

Vision

We aspire to be the leading company in exploration and production (E&P) in the Latin American region, known for our technical excellence, operational skills and ability to discover, develop and market new hydrocarbon reserves.

Strategy

Our strategic objectives are based on the concept of building a competitive, sustainable and profitable business. We believe that the only way to do this is in harmony with society and the environment surrounding us. Our operations do not occur independently of them, but as part of them. We acknowledge that participating actively as a member of our communities gives us a license to operate (both socially, and legally), and understand that because our business relies on natural resources, we are responsible to protect the ecosystem we depend on. We pay attention to the environment in determining the direction and pace of growth of our company.

Economic value

The optimal combination of production assets and exploration areas provides us with an enviable strategic position. The cornerstone of this strategy is the technical excellence of our people, combined with experience and knowledge to achieve our vision. It is expected that significant cash flows and profits from operations, through the growth of production, will support our ambitious E&P activities. The goal of increasing our reserves and production is achieved by means of exploration activities, on the one hand, and on the other, by an increase in the recovery rate, better outlining our resource base and using the appropriate technologies. We concentrate our exploration activity in areas where our knowledge and particular experience may give us a competitive advantage.

We have 140 highly qualified geoscientists with operational experience ranging between 15 to 25 years. Our management team is prepared to maximize present and future opportunities in E&P. The combination of our valuable assets and our skilled people allows us to take advantage of oil and gas opportunities, even in challenging circumstances.

Progress in 2009

In 2009, we created our sustainability policy. Since then, we have managed to prioritize and organise our most important commitments and related actions in a strategic framework.

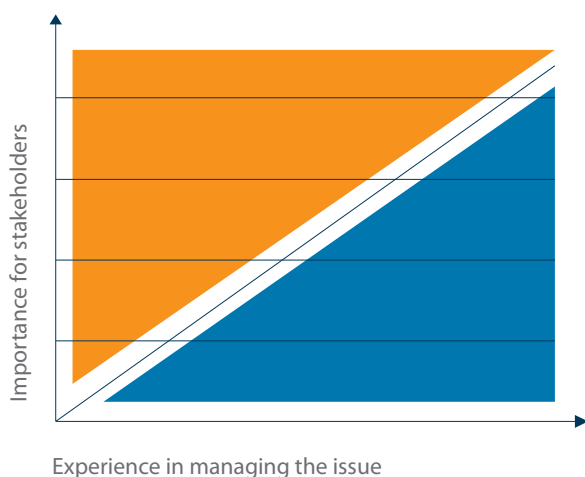
Using different techniques of prioritization, we defined our eight strategic commitments. Each of these commitments has several sub-issues that provide us with a clear and balanced overview of the different areas we must manage. We are currently in the process of consolidating these commitments, their issues, and related indicators into a sustainable management system.

A tool for prioritizing these issues is conducting materiality test based on the involvement of our stakeholders (p.12).

For each commitment, our materiality test measured the importance of the related issues according to our stakeholders (on the y axis, verified in our dialogues) and our experience managing these same issues (on the x axis, measured against a set of criteria developed by AccountAbility¹). For the strategic framework, we believe that the issues located on the upper part of the orange triangle are those that we have to take into account to fulfill the expectations of our stakeholders. Those issues at the bottom orange of both triangles are emerging opportunities to be prioritized if they are of strategic importance.

¹ AccountAbility: an organization that promotes accountability innovations for sustainable development.

Test of materiality



In each chapter of this report, we present the most important and critical issues for each of our commitments in the section "What is important?", as well as future actions and commitments in the section entitled "Where are we heading? Challenges 2010+".

For more information on our materiality test and details of each commitment, you can download a PDF under the section *Social Responsibility* at www.pacificrubiales.com.

What is a materiality test?

In this type of test the gap between the organizational experience in managing an issue and the external relevance of each issue is analyzed to identify opportunities and risks. It is a dynamic exercise that is repeated and redefined each year, and generates input for our strategy, our progress in the management of the issues and, of course, takes into account the opinion of our stakeholders and international guidelines such as the Global Compact of the United Nations, GRI and others.

Sustainability policy in brief

For us, sustainable management is a way of conducting our business with transparency while taking our stakeholders into account so that we generate wealth and contribute to the sustainable development of society in harmony with our environment. In 2010 we are presenting a new sustainability policy to help direct our management strategy. This strategy was created in a consultative process with our stakeholders (p. 12) and guides our actions as follows:

- Develop and grow our businesses in a transparent manner, creating added value and confidence for our investors
- Contribute to the development of society in harmony with the environment
- Consolidate good practices in our main focus areas, expand them in accordance with our strategy, and encourage their adoption throughout our value chain
- Engage our stakeholders through constant communication
- Lead the processes inside the organization to always promote sustainability

To read the complete text of the sustainability policy, you can download a PDF found in the section *Sustainability* at www.pacificrubiales.com.

Impacts, risks and opportunities

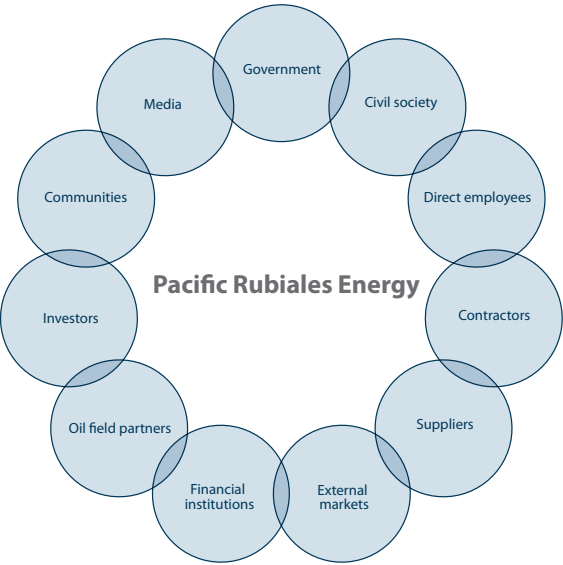
Our major impacts, risks and opportunities in the future can be summarized as follows:

Impacts	Risks	Opportunities
Effects of E&P on the environment	Decreasing world oil reserves	Expansion of portfolio moving into renewable/alternative energy
Flow of royalties to rural governments	Conflicts with local/indigenous communities and their effect on our license to operate	Expand E&P even more, both in Colombia and in the Andean region
Growing number of jobs as we grow	Lack of cultural integration of our acquisitions and business units	Positioning as employer of choice for the best talent in the country
	Growth of our management systems to match E&P growth rate	

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Stakeholder engagement

Stakeholder map



Although we communicate routinely with a number of stakeholders, in 2009 we systematized and documented these interactions for the first time in order to use the results as strategic input for our management and to prioritize the most important commitments in our business for 2010. We thus achieved a positive balance of economic, social and environmental issues.

Objectives

- Encourage innovation in our operations, as well as in our approach to resolving existing problems
- Understand which issues are most relevant for our management, and the expectations that our stakeholders have of PRE
- Identify potential (public, private and other) strategic alliances in the management of our issues

Process

- Identification of groups: we mapped all of our stakeholders along the value chain
- Prioritization of groups: we evaluated stakeholder groups based on the predetermined criteria of proximity, representation, dependency, responsibility and influence
- Setting of strategic involvement objectives: we set the goals of each dialogue based on the role of the stakeholder group, our business, and the expected results
- Design of dialogues: we defined the methodology and the contents of each dialogue based on the principles of the AA1000² standard, which are materiality, inclusiveness and responsiveness
- Facilitation of dialogue: we invited outside consultants to moderate the meetings to ensure maximum objectivity and confidence for the participants

Principles

- Separation of levels and rank of employees to create confidence and openness
- A representative of the company attended as a silent observer
- The main objective was to listen to the participants
- Created a “safe” space in which the participants could comfortably express both negative and positive opinions

Results

- We conducted fourteen dialogues over the course of a month in Bogota and the Rubiales, Abanico and La Creciente fields. We engaged with direct employees, communities neighbouring the operations, and local governments, as well as suppliers and contractors
- We validated the eight strategic commitments and discovered new issues that had not previously been considered and thus enriched the materiality test
- We strengthened some existing alliances and identified some potential ones, especially with the different local governments, that will strengthen the management of new projects

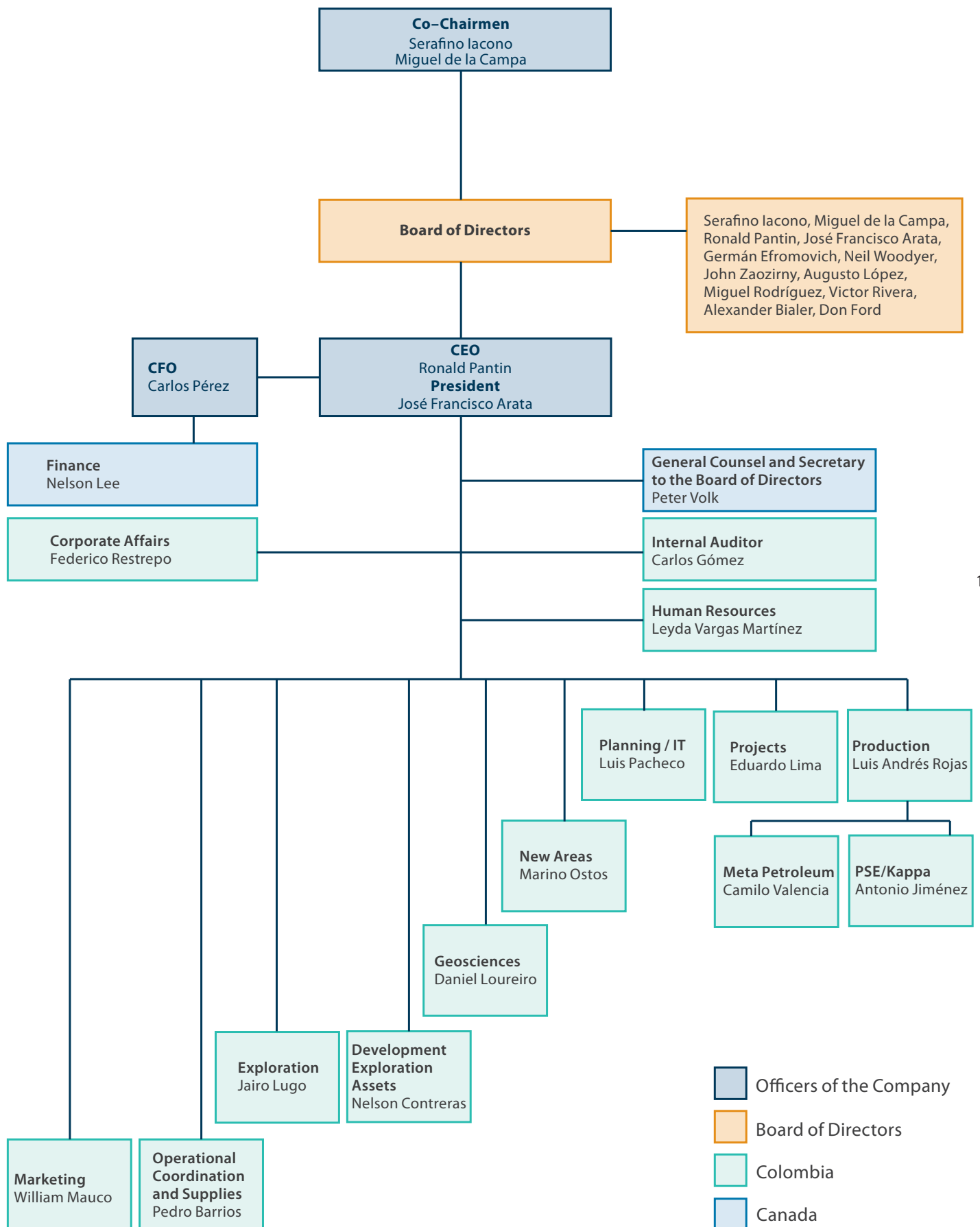
In our effort to communicate the results of this process, we include the perspectives of several representatives of our stakeholders in the pages that follow (see “The voice of our stakeholders” in each chapter). We expect this report to be the first step in responding to the topics raised by, and the expectations of, our stakeholders.

²AA1000: standard developed by the Institute for Social and Ethical Accountability, which offers quality guidelines in social responsibility, ethics, audit and report.

The voice of our stakeholders

“Thank you for giving us the opportunity to express our opinion.” “We should have these kinds of workshops regularly.”

December 9, 2009
Employees of PRE
La Creciente Field, Sucre





Our commitments

Working toward our vision of continuing to be the leading public hydrocarbon company in Latin America, we made a series of commitments with our stakeholders during 2009. These commitments will direct our management in 2010 and result from the detailed analysis of the external context of sustainability in our sector, best practices of other hydrocarbon companies inside and outside Latin America and the current state of sustainability in PRE. This resulted in prioritizing eight strategic commitments, as explained in greater detail in the pages that follow:

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Acting with consistency and transparency

Creating greater economic value

Operating in harmony with the environment

Contributing to society by improving the quality of life in communities where we operate

Promoting respect for human rights

Making PRE a great place to work

Reinforcing health and safety in our operations

Strengthening sustainability of the value chain

Our commitments

Acting with consistency and transparency



Our commitment to coherence and transparency characterises our management and activities as a company. All our commitments are firmly aligned with our corporate values and ethics.



What is important?

In addition to legal compliance, the Code of Conduct and Business Ethics, as well as avoiding corruption, are the most important issues arising from the materiality test. Sharing information openly and stakeholder engagement are emerging opportunities for our company.

Corporate governance

We are committed to responsible practices of corporate governance, transparency and sustainability in line with the Canadian securities regulations. The full text and details of all policies and procedures related to governance are available in the section *Corporate Governance* at www.pacificrubiales.com.

Corporate governance policy

This policy defines the governance of our Board of Directors and its selection, responsibilities, compensation, training, termination, procedures on conflicts of interest and permanent committees such as Audit, Compensation, Reserves, and Corporate Governance and Nomination. The Board is also responsible for reviewing the performance of our management. It is comprised of four executive directors (among them the CEO and President) and eight independent directors. Management consists of nine Senior Vice-Presidents, and the CEO (Chief Executive Officer), President and CFO (Chief Financial Officer).

Code of Conduct and Business Ethics

Endorsed by all employees annually, the Code of Conduct and Business Ethics governs the way in which we conduct our business at all levels of the company. It contains guidelines pertaining to business ethics, working environment, compliance with laws and regulations, compliance with the Code, our system of complaints and claims as well as penalties for infringement.

Corporate social responsibility annex

We add the CSR annex to each contract signed with a provider or contractor, with the intention that it needs to be observed at all times along our value chain (for more details, see the chapter “Strengthening the sustainability of the value chain”).

Public disclosure policy

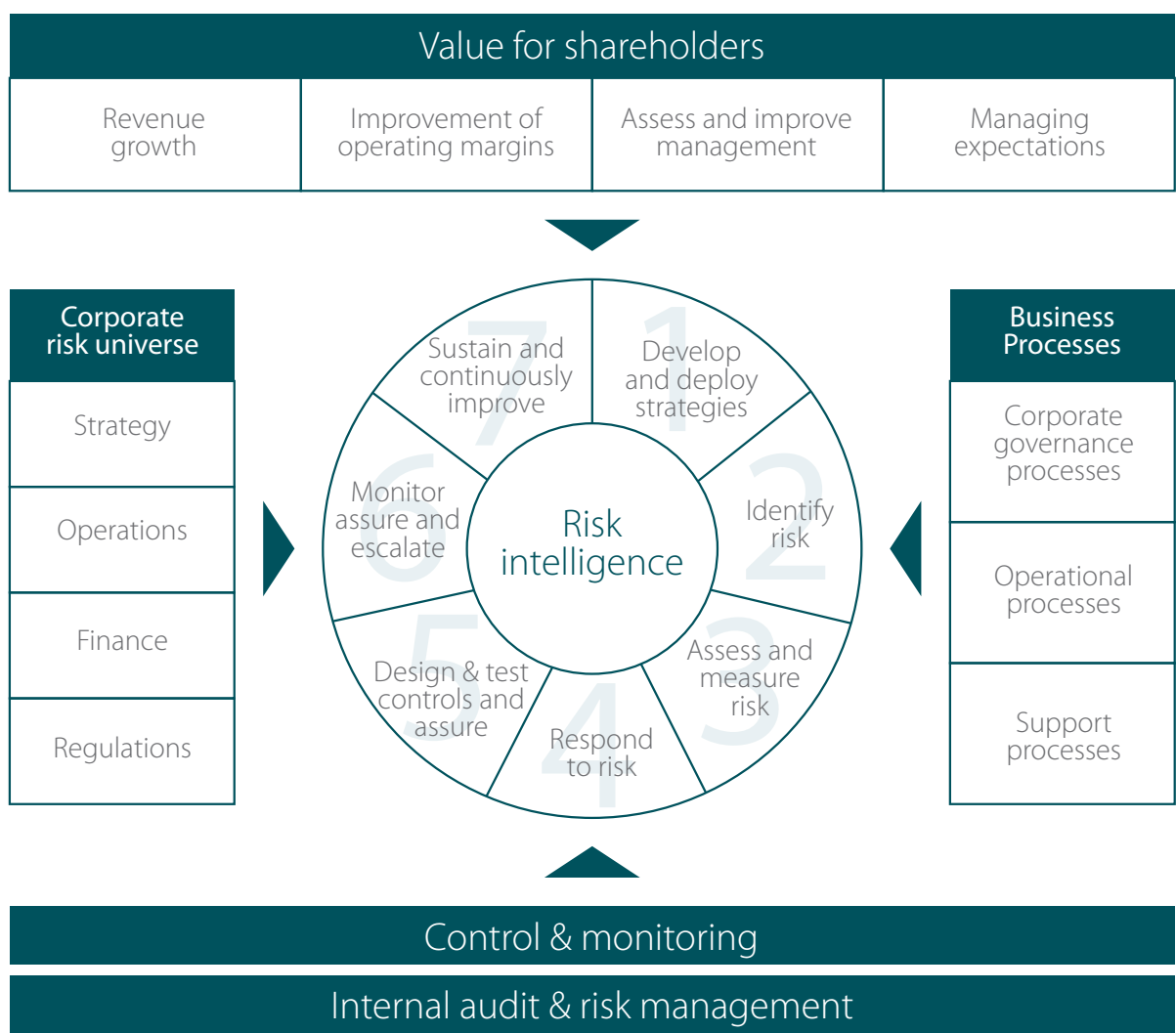
We are committed to publishing material information about PRE in a timely, consistent, and transparent manner, according to applicable securities laws The company's Disclosure Committee, (consisting of the CEO, President, CFO and General Counsel and Secretary) is not part of the Board, but follows its guidelines, and is responsible for the implementation of this policy and for ensuring adherence to its principles.

Risk management

Our approach covers the significant business risks we face, including those related to finance, operations and compliance that could prevent the achievement of our objectives. Internal audits verify, facilitate and advise in the interest of identifying opportunities to improve transparency and save costs. The monitoring of risks and internal controls forms the basis of the reports submitted to management and the Board.

Our approach to risk management is illustrated below:

Risk management



Corporate values in practice

In 2009, we conducted several workshops with both current and new employees to instruct about, and create awareness of, our corporate values. With a focus on living the values we profess, workshops consisted of interactive learning methods using scenarios and case studies that simulate the day to day activities of the company.



Where are we heading?

Challenges 2010+

Actions to be taken in 2010 regarding this commitment will be:

- Consolidate our stakeholder engagement system
- Sign the Global Compact of the United Nations and issue our Communication on Progress
- Implement a program to create awareness of our values and the Code of Conduct and Business Ethics for all employees
- Include sustainability in communications with investors

In 2011:

- Publish PRE Sustainability Report 2010 (GRI)
- Publish independent Sustainability Report 2010 (GRI) for the Pacific Rubiales Foundation

The voice of our stakeholders

“Ethics and transparency require open channels of communication.”

November 18, 2009
PRE Employee
Rubiales Field, Meta

Our commitments

Creating greater economic value



Economic performance is fundamental to continue creating social and environmental value, and is a responsibility we assume with our shareholders.



Below are some of the main indicators of our economic performance (for more details, see our financial and annual reports under the section *Reports* at www.pacificrubiales.com).

Financial summary 2009

In thousands of US\$	2009	2008
Assets	2,762,661	2,299,108
Liabilities	1,261,684	798,323
Shareholders' equity	1,500,977	1,499,515
Net sales	639,201	579,064
Operating income	51,028	124,821
Net profit (loss)	(153,574)	76,698

Exploration

The exploration campaign in 2009 focused on the Quifa and Rubiales blocks, drilling five exploratory wells and fourteen appraisal wells. The exploration activity also focused on data acquisition and application of technology to reduce uncertainty in the exploratory projects. As a result of this activity, a total of 386 km² of 3-D seismic tests was performed; 2,200 km² of hyperspectral images, 4,369 km of airborne magnetic and 3,189 km of gravimetric data and 1,771 km of lines of stress field detectors were acquired. Our net total investment in exploration in 2009 was US\$48.3 million.

During 2009, the successful drilling of the Quifa, Rubiales-Pirirí, Abanico and Arrendajo blocks resulted in an exploration success rate of 86%: 19 producing wells of 22 drilled. The wells effectively incorporated certified 2P net reserves before royalties of 78 MMbbl (69 MMbbl after royalties).

Milestones of our exploration in 2009 include:

- We continued the exploration in the Quifa Block, drilling 10 wells: five exploratory and five appraisal wells. Eight of them turned out to be producers, causing the extension of the Rubiales Field as far as the Quifa Block. We are conducting extended production tests, with an average individual production of 200 bbl/d. Based on these results, we are considering the drilling of another 11 appraisal and nine exploratory wells in the Quifa Block during 2010.
- We also continued the appraisal well campaign in the Rubiales and Pirirí blocks, drilling nine wells. These wells effectively extended the Rubiales Field to the West-Southwest, incorporating 99 km² of new reserves.
- In the Arauca area, we concluded an assessment of hyperspectral images on a total area of 2,170 km². It is the first of its kind in Colombia, and the results will be used to reduce the geological uncertainty of already defined exploration prospects.
- We finished the reprocessing of 1,683 km of 2-D data on the blocks CPE-6 and CPO-12 as part of the current exploration activities.
- During the third quarter of 2009, we gained two new blocks in the Putumayo Basin - Tacacho (2,384 km²) and Terecay (2,373 km²). These were acquired after the evaluation of exploration carried out in the just completed Tacacho TEA contract. On the other hand, we decided to return the Alhucema, Jagüeyes and Alicante blocks due to poor or non-existent prospectivity.
- In our continued search for light and medium oil in 2010, we will consider drilling 11 additional exploratory wells in Moriche (1), Guama (1), Arauca (2), Topoyaco (2), Guaduas (1), Bugarvilles (1) and Abanico (3). After the success in Rubiales and Quifa, we are also drilling seven exploratory wells there, six in the CPE-6 Block and one in the CPO-1 Block.

Please refer to the company's full National Instrument 51-101 reserves report found at www.sedar.com.

Production

Total operating production in 2009 averaged 82,887 boe/d (40,579 boe/d net before royalties), an increase of 36,123 boe/d (19,238 boe/d net) over 2008. This represents a growth of 77% in operating production, mainly as a result of the increase in production in Rubiales. This is due to the following:

- Successful implementation of the drilling program of a total of 99 producing wells in 2009: 23 in the first quarter, 27 in the second, 21 in the third and 28 in the fourth (70 horizontal and 29 vertical).
- In addition, we successfully drilled another 18 producing wells in Quifa and other fields (10 in Quifa, 2 in Acacia, 4 in Abanico and 2 in Mauritia).
- The construction of new infrastructure facilities at the Rubiales Field, including:
 1. 105 km of new driveable roads
 2. 101 km of flow lines of 25.4-61 cm
 3. 51 km of energy distribution network in the field
 4. 15 new energy substations
 5. The Thermo Rubiales Power Plant with 22 MW of installed capacity
- New facilities for crude oil dehydration and water treatment in CPF-1 to process incremental volumes of 60,000 bbl/d of oil and 400,000 bbl/d of water.
 1. 200,000 bbl of additional storage capacity
 2. Two new water injection plants with a waste disposal capacity of 340 kbwpd
- The Oleoducto de los Llanos (ODL) pipeline began operation during the last quarter of 2009, significantly increasing the volume of crude oil transported from the Rubiales Field to the export facilities at the port of Coveñas.
- Unloading facilities in the Rubiales Field increased the loading capacity of vans up to 70,000 bbl/d and the mixing facilities at the Guaduas Station contributed significantly to the growth in production. During 2009, we transported an average of 18,819 bbl/d to Coveñas for export, and the remaining 5,126 bbl/d for consumption by local industry.

Daily average production of oil and gas - net volumes before royalties

Producing field	Net volume before royalties	
	2009 boe/d	2008 boe/d
Rubiales Pirirí	30,514	13,288
Quifa	322	0
La Creciente	7,382	5,800
Puli	38	32
Dindal Río Seco	744	681
Moriche	100	127
Quinchas	27	17
Abanico	819	777
Buganviles	14	29
Río Ceibas	536	524
Chipato	6	6
Cerrito	77	60
Total	40,579	21,341

Field Case :

Oleoducto de los Llanos

With a length of 235 km, the Oleoducto de los Llanos (ODL) pipeline is a strategic project for Colombia, since it integrates the crude oil transportation network from the East of Colombia with the export ports in the Caribbean. The pipeline benefits the Departments of Meta and Casanare through the payment of taxes, the procurement of goods and services, and the creation of infrastructure and direct and indirect jobs. During the operational phase of the pipeline a transportation tax with an estimated value of COP 7,000 million a year will be generated, benefiting the municipalities along its path.

As well, royalties will increase substantially going from COP 146 million to COP 252 million. Of these, the department of Meta's proceeds will increase from COP 87,000 million to COP 149,000 million. These increases are a result of the increase in the production of hydrocarbons at the Rubiales and Pirirí fields because of the capabilities of the pipeline. A total of 6.3 MMbbl oil were pumped with an average of 68,000 bopd in the last quarter of 2009, which exceeded the anticipated capacity of 60,000 bopd during Phase I.

ODL pipeline at a glance

- Partners in the ODL pipeline are Ecopetrol with a 65% working interest and PRE with 35%
- ODL's team is comprised of about 70 people, working both in Bogota and in the field, performing technical, administrative, environmental and social tasks
- During the construction of the pipeline 1,800 direct jobs were created in addition to the procurement of related goods and services
- The pipeline will render transportation service to other fields in the Colombian Southeast, improving road safety and reducing environmental emissions
- The pipeline will increase the production of the Rubiales Field from 60,000 to 160,000 bopd, while reducing transportation costs
- The total investment for construction in 2009 was US\$519 million, below the US\$530 million that was budgeted

Where are we heading?

Challenges 2010+

To ensure the steady creation of economic value, these actions will be taken in 2010:

- Increase production and transportation capacity: expanding facilities and completing the ODL pipeline will enable us to double the production and reduce transportation costs substantially.
- Continue selling blended 18.5° API crude in international and domestic markets to increase sales. The ODL pipeline will allow the transportation of our entire production from the Rubiales Field all the way to Monterrey, where it connects with the Ocesa pipeline toward Coveñas.
- Increase our gas sales from the La Creciente Field and negotiate the business terms to expand the transportation infrastructure.
- Continue exploration activities: drill three exploratory wells in Quifa, six appraisal wells in Rubiales and acquire approximately 12,664 km² of magnetic-gravimetric high-resolution data.
- Implement the investment program developed using the funds obtained in November 2009, thus ensuring a robust financial basis upon which to develop the 2010 business plan.

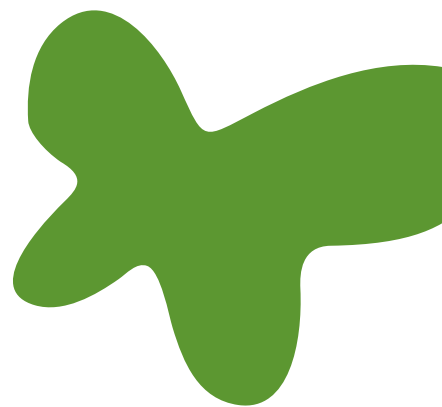
Our commitments

Operating in harmony with the environment



What is important?

Our materiality test results showed that the protection of biodiversity and topics pertaining to water are our most important issues. Opportunities for improvement include meeting the expectations of our stakeholders to measure and reduce emissions of harmful gases. Two issues in which we feel that we are performing well are the revitalization of affected land and the recovery of water from oil production.



Our management of these issues focuses on health, safety, environment and quality (HSEQ) for the protection of the health, integrity and welfare of workers, as well as the respect for life and the environment.

Our HSEQ policy

For the production of oil, gas and other activities of the corporation, we will use best industry practices. Our priority is the safety of people, the safeguarding of the environment and the mitigation of the risks and impacts associated with our actions.

In line with our corporate values, we strengthen our commitment to our employees, partners and contractors, thus stimulating excellent relations with individuals and entities associated with the business, and we strictly comply with regulations and our own standards.

The HSEQ policy integrates issues pertaining to health, safety, environment and quality. In this chapter we focus on the issues that relate to commitment to the environment. The issues of health and safety can be found in the chapter called "Strengthening health and safety in our operations".

Each field has a training and education plan for workers and follow-up systems for different environmental issues.

Certifications

In 2009, we were certified in the areas of quality management, environment and industrial safety and occupational health under the ISO 9001, ISO 14001 and OHSAS 18001 standards. This achievement is a result of the effort not only of our employees but also of our contractors.

Biodiversity

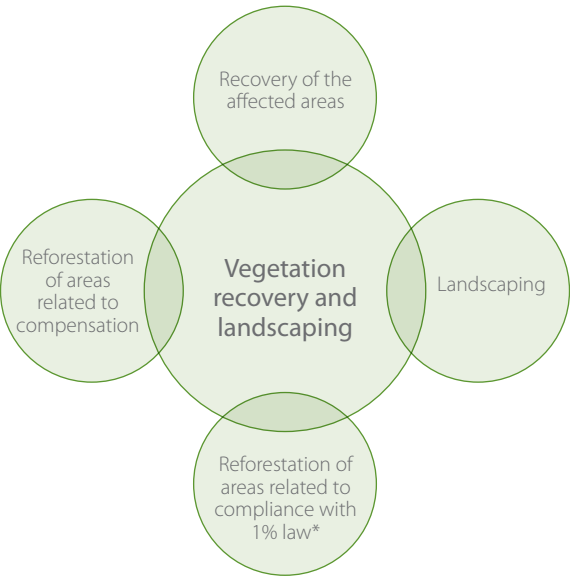
Design of extractive activities with the environment

Colombia is a country of great biodiversity, and all our E&P blocks are located in regions that require conscientious care of their natural state. In all our fields of operation we comply with applicable laws and regulations, and we ensure that the impact of our operations is minimized as best as we can. We keep documentation and records of all activities relating to the environment to control our performance in this area.

Before starting operations in a new block, we conduct environmental impact studies that allow us to identify and plan the environmental monitoring of the impact on the water, air, flora and noise. In 2010 we are implementing studies of the environmental impact in areas affected by new developments and operations.

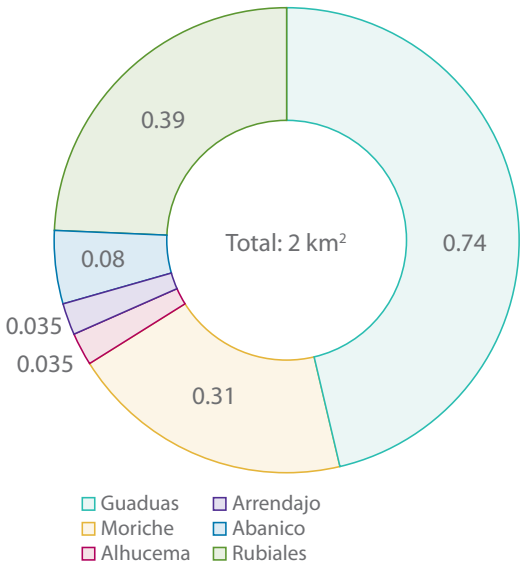


Recovery and remediation of affected areas



*Colombian law requires that a minimum investment of one percent of the total investment be focused on environmental remediation activities.

Breakdown of reforestation by area



Note: Total area including data from Guaduas, Moriche, Alhucema, Arrendajo, Abanico and Rubiales. Values in km².

Participation of the local community in reforestation

The working women of Guaduas (Cundinamarca) launched a community effort to protect the headwaters of seven ravines draining into the San Francisco river. Seven years ago the Llanadas Ranch land was used for agriculture and livestock, razing the woodlands and affecting the livelihood of several ravines; i.e., around 70% of the riverflow. The soil erosion was so significant as to cause landslides that required substantial recovery work. PRE's presence in the area offered women the opportunity to participate in reforestation activities that were traditionally reserved for males.

It's been seven years now since the experience began and the investment totals COP 2,000 million, with nearly COP 500 million still to be allocated. The results show an improved quality of life for women in the area, the acquisition of 1.98 km² as a land reserve and to protect the river basin, in addition to 1.74 km² for reforestation with a mix of tree species, for a total of 86,248 trees planted. The aim is to replicate this reforestation project in other parts of the country with different communities.



Water

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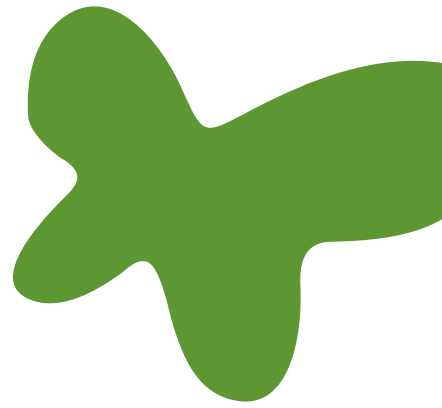
We are aware of our huge responsibility to protect the land, conserve water and protect the water sources against oil spills and other substances associated with our operations.

Rubiales Field

Water can be captured in two ways at the Rubiales Field: first through the water produced in the oil extraction process (which we call industrial water) and the second through the natural water from rivers and underground wells.

Crude oil produced at Rubiales is naturally mixed with water in a proportion of 20 parts of crude oil to 80 parts water. Treating this industrial residual water is imperative before it is spilled into the rivers or is injected back into the reservoir. To save natural water in every field operation we use and take advantage of the treated industrial water from the production process itself.

Water spraying the roads using tank trucks for dust control during the dry season is one important use for treated industrial water. This water is also used to prepare drilling muds, to do the hydrostatic testing of tanks and pipelines, for steam generation in boilers and for washing equipment and vehicles.



Treatment plants for industrial residual water are also available for pollution control. These plants are constantly being expanded to meet the water processing needs of our increasing oil production. The good quality of the water extracted through the industrial process will enable the development of new irrigation projects for industrial crops.

The Rubiales field has four domestic waste water treatment plants with a capacity of 0.4 L/s: two in Arrayanes and two in the Antigua Base. The control program includes the following activities related to the capture, use, reuse and control of water disposal:

- Sampling for water quality by accredited external laboratories
- Development and follow-up of the water monitoring schedule
- Studies on alternatives to reduce consumption
- Follow-up on consumption indicators, including distribution and collection sources
- Maintenance of water disposal systems
- Awareness campaigns for PRE's staff and contractors
- Consumption inspections

Other fields

Our other fields do not have as high a water yield from the oil production process as the Rubiales Field; however, water management is always a top concern for the organization.

In some places where the water requirements are low we collect rainwater, hence there is no need to retrieve water from wells or from wastewater.

We are concerned about the treatment of waste, in both industrial and domestic waters. We make sure that water is disposed of and injected upon being treated and the quality of our wastewater is regularly inspected.

Power use

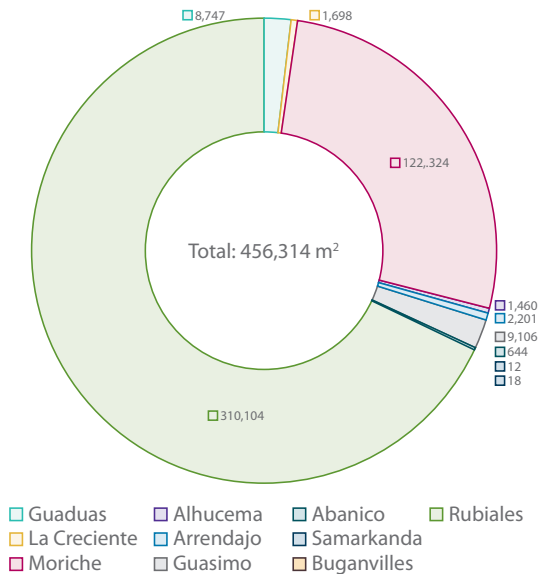
Power consumption

Diesel generators provide for an autonomous power supply for specific and general uses in the production facilities. The generators are less than 10 years old and have electronic combustion control systems.

Macro power generation for field expansion is based on a single point generation and emission system.

We monitor energy consumption to avail ourselves of any opportunity to reduce consumption. In 2009, the consumption of fuel at the Rubiales Field was equivalent to 20,468,484,869 kJ per day.

Domestic and industrial water consumption



Note: Domestic and industrial water consumption includes data from Guaduas, La Creciente, Moriche, Alhucema, Arrendajo, Guasimo, Abanico Samarkanda, Bugarvilles and Rubiales. Operations in Arce and Acacia Este operate only with rainwater and thus, do not use their permit for capturing water.
Values in m³.

Energy saving initiatives

In our operations, we strive to decrease power consumption (whether generated on site or purchased) as well as the use of fuels for transportation and electrical power generation. We are constantly thinking about solutions to petroleum engineering processes and savings opportunities in management. At the administrative level, we have focused on initiatives to turn off and disconnect equipment and other items such as bulbs, air conditioning units and computers, seeking to optimize energy consumption and transfer this culture to our workers' households.

The pipelines for the transport of crude from the wells to the central station in Rubiales have been coated to help keep the heavy crude warm and flow more easily throughout the treatment process without requiring steam heating.

The construction of the ODL pipeline between Rubiales Field and Cusiana station resulted in a significant reduction in the number of oil trucks. Our initial estimates indicate a reduction of 90% in the number of cargo vehicles as compared to the past.

Installation of a generator to produce electrical power from the gas produced in the Abanico Field

The production of crude oil in the Abanico Field results in the production of a relatively small amount of gas that was previously wasted. In 2009 we installed a generator that takes advantage of this gas to generate electrical power. This represented savings of 1,200 gallons of ACPM (diesel fuel) per day for electrical power generation that was then used in the field. This practice has a positive impact on the operating budget and at the same time reduces the emissions from field operations.

Emissions

Together with ONF International, the impact of drilling, production, fluid treatment, crude transportation and processing operations and management in Rubiales was analyzed to obtain hard data. As a result of this voluntary initiative we were awarded the Climate Synergie certificate for carbon footprint measurement.

Daily emissions

Type	CO ₂	CH ₄	N ₂ O	NO _x	CO	SO ₂
Daily Emissions	1,514,737	111.78	94.61	14.05	4.48	0.4

Note: The processes included in this calculation are: drilling, production, fluid treatment, management, direct and indirect transportation.
Units in kg.
Data based on measurements for the year 2008.

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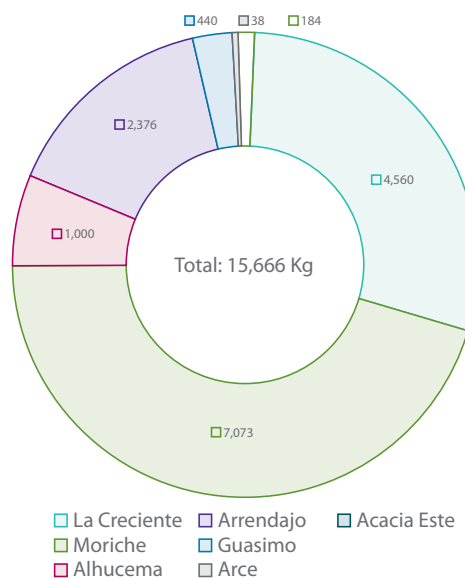
In 2010 we will identify, evaluate and select reduction alternatives that prove to be technically and economically feasible and start their implementation in 2011.

Additionally, in 2009 the inventory of gases that deplete the ozone layer (as defined by the Montréal Protocol) was completed in different fields and we know that the refrigeration and air-conditioning systems comply with these standards.

Waste

In line with the culture of "reduce, reuse, recycle" we follow our environmental management plan and all the certification and legal guidelines to ensure the appropriate classification, management, disposal and recycling of the different types of waste material our operations generate.

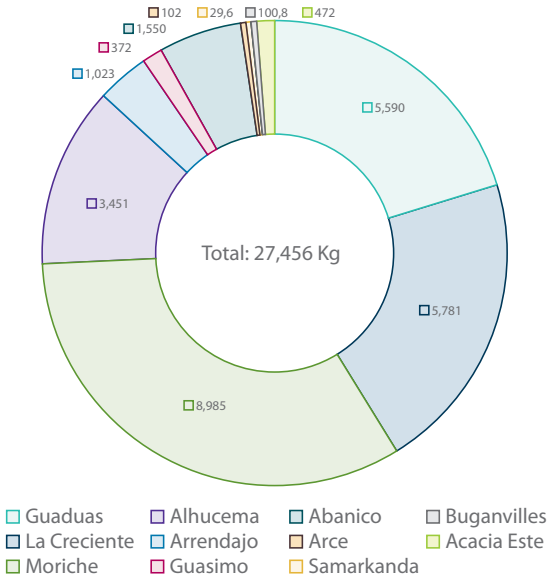
Organic waste



Organic waste is characterized by disintegrating or degrading rapidly.

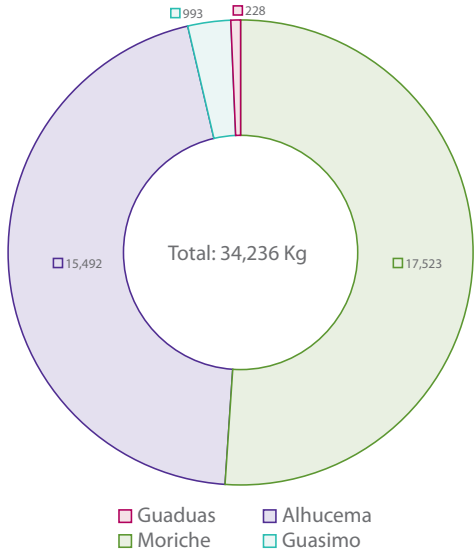
Note: Total organic waste including data from La Creciente, Moriche, Alhucema, Arrendajo, Guasimo, Arce, Acacia Este. In Rubiales 986,340 Kg of organic waste was produced. Values in kg.

Recyclable waste



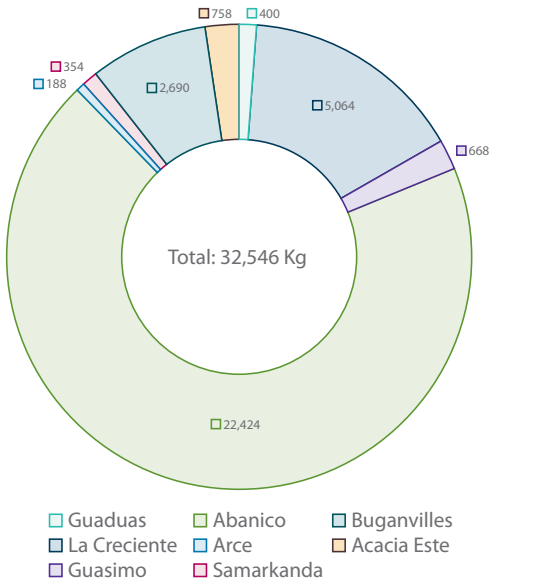
Waste undergoing a physical-chemical and/or mechanical process to get raw material or a new product.
Note: Total recyclable waste including data from Guaduas, La Creciente, Moriche, Alhucema, Arrendajo, Guasimo, Abanico Arce, Samarkanda, Buganviles, Acacia.

Incinerable waste



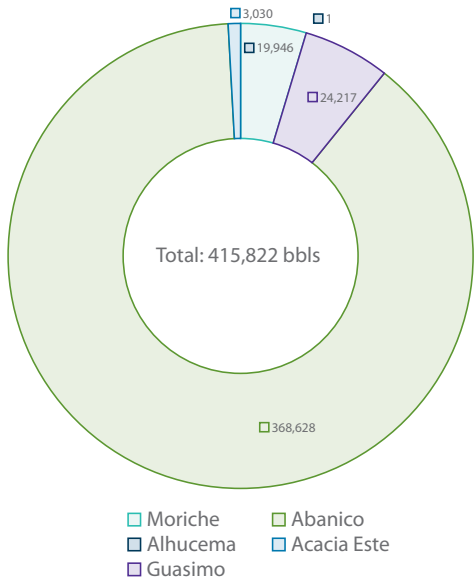
This type of waste includes food packaging, rags, personal protection items (gloves, overalls, eyewear, masks), sanitary waste (toilet paper, feminine hygiene products).
Note: Total incinerable waste includes data from Guaduas, Moriche, Alhucema, Guasimo.

Special waste



Hazardous waste is waste or refuse that due to its corrosive, reactive, explosive, toxic, inflammable, infectious or radioactive features may pose risk or cause damage to human health or the environment. Likewise, containers, packaging and boxing having had contact with such waste are considered hazardous waste or refuse. (Article 3, Decree 4741/05).
Special waste: term given to objects, elements or substances being abandoned, dumped, discarded or rejected and being pathogenic, toxic, combustible, inflammable, explosive, radioactive or vaporizable in nature along with packaging and containers that have contained such products, as well as muds, ashes and similar elements. Also included in this term, is waste being packaged or bottled in a liquid or gaseous way. (Article 2, Resolution 2309/86).
Note: Total special waste includes data from Guaduas, La Creciente, Guasimo, Abanico, Arce, Samarkanda, Buganviles, Acacia Este. In Rubiales 16,462,429 kg of special waste was generated.

Cuts and drillings



Muds and cuts are waste produced in the well drilling and production processes (separating crude oil from water).
Note: Total muds and cuts produced includes data from Moriche, Alhucema, Guasimo, Abanico and Acacia Este. Values in barrels (bbls). In Rubiales 157,791 bbls of drilling cuts were produced.

Where are we heading?

Challenges 2010+

To ensure progress on this commitment, these are the actions to be taken in 2010:

- Consolidate environmental data according to the GRI technical protocols
- Communicate recovery and remediation of affected areas
- Communicate and measure effectiveness of the system against spills
- Implement a master plan for disposal of industrial waters
- Improve the management and disposal of waste through technological systems
- Implement Phase 2 of the Climate Synergie program: strategy for reducing emissions of greenhouse gases. Selection of viable alternatives by the company to reduce emissions
- Increase the progress in reforestation to add approximately 10 km² of land
- Implement an energy efficiency policy for new acquisitions in machinery and equipment
- Communicate the water treatment program

In 2011:

- Carry out Phase 3 of the Climate Synergie program: follow-up on emissions, where alternative technologies for reducing emissions will be implemented
- Begin to replace electrical power generation through engines with national electrical transmission lines
- Measuring emissions from burning waste
- Establish inclusive businesses with recyclers

In 2012:

- Obtain recertification of the ISO 14001 standard
- Carry out Phase 4 of the Climate Synergie program: carbon neutrality where residual emissions are compensated through a project of emission reduction or capture
- Implement recycling systems in all fields

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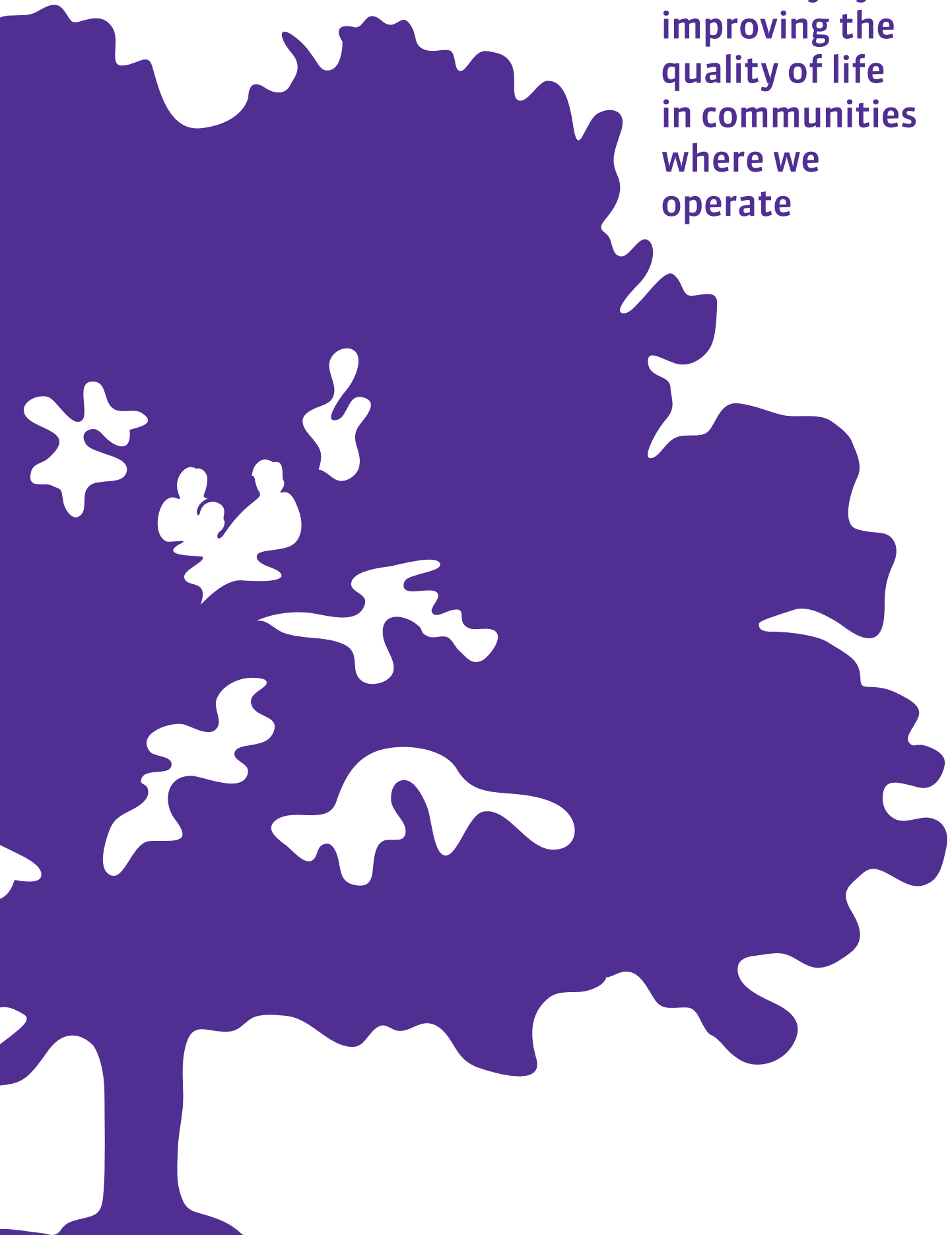


The voice of our stakeholders

"If one travels by plane the great impact we have on the environment of the region is seen."

November 19, 2009
Contractor of PRE
Rubiales Field, Meta

**Contributing
to society by
improving the
quality of life
in communities
where we
operate**



What is important?

Our materiality testing showed that among the most relevant issues were the support of economic development and investment in education. We believe that we are progressing well in the fair and decent treatment of indigenous communities and in our relations with the local governments where we operate. There is room to improve our performance in areas such as strengthening institutions and in volunteer programs for our employees.



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We are aware that while our biggest contribution to improving the quality of life of the communities where we operate is job creation, our role in the community goes further. Without looking to replace government and with a high degree of community participation we develop programs in education, sustainable projects (in economic development) and strengthening institutions.

Our CSR team has at its disposal 16 members who are scattered throughout all our production and exploration fields. Each team member has received diversity training and are also specialists in prior consultations, conflict resolution, project management, social communication, anthropology and sociology. This team connects our operations with the community, always leaving the door open to maintain good relations with the residents, allowing us to handle complaints swiftly. This function is critical to successfully operate in our host communities.



The Pacific Rubiales Foundation

Through the Pacific Rubiales Foundation (PRF) we contribute to sustainable and human development, through the implementation of programs and projects of social, economic and cultural character, giving priority to our areas of influence. For the management of these programs and projects, PRF establishes strategic alliances with government agencies and non-governmental organizations. It is a non-profit entity, through which we carry out voluntary investment projects in line with our sustainability policy.

During 2009 more than COP 5,393 million was contributed to education projects, support for sustainable projects and institutional strengthening.

Our projects

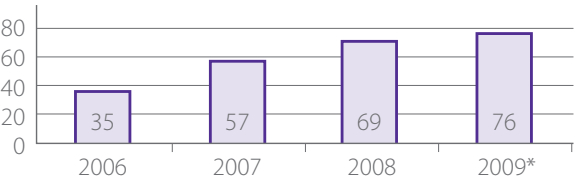
In each field we rely on an analysis of the environment, our communication with the stakeholders, and our corporate strategy to identify projects in line with these guidelines. Below, we outline the activities we carried out in each field during the year.

To see detailed information on projects and other activities in the past, see the “Social and environmental report 2008-2009” (available in the section *Corporate Responsibility* at www.pacificrubiales.com).

Rubiales Field

In addition to the programs that are classified as educational, sustainable projects and institutional strengthening detailed below, we conducted other support processes targeted to indigenous communities of the Unuma, Vencedor Pirirí, El Tigre and Walliany reservations, such as improving housing, transportation, participation in health campaigns and cultural reinforcement.

Number of students at the New Rubiales school



*Of the total of children attending, 23 come from indigenous families.

Education

- **Regional Education Center (Ceres) – Manacacías Satellite:** Strategy to decentralize and expand coverage of technical, technological and higher education. This new model starts with regional dialogue and focuses on offering programs according to useful vocations in the area.
- **Scholarships for higher education:** Since 2005, in the municipality of Puerto Gaitán, 12 young people have benefited from this program.
- **Biotechnology Laboratory Partnership:** The PRF helped in the development of the Partnership for Scientific and Technical Cooperation with the Jorge Eliécer Gaitán School, the Institute of Biotechnology of the National University and the Mayor’s Office of Puerto Gaitán, to strengthen the first biotechnology laboratory in the area.
- **Rubiales School:** An infrastructure and improvement project for school facilities to benefit the student population and increase school attendance. The investment in this program was COP 1,816 million.

Support of sustainable projects

• **Successful Entrepreneurs**

This program has the participation of the Meta Governor's Office, the Puerto Gaitán Mayor's Office, Chamber of Commerce of Industrialists and Entrepreneurs of Puerto Gaitán, where PRE along with two other operating companies from the municipality contributed to a training program developed by the firm Par Services, specializing in the development of entrepreneurs (SME) and in the management of industrial and business entrepreneurs. It seeks to strengthen the personal, corporate, business and social skills of the participants, as well as to improve and promote the development of the entrepreneurs and the business, from the perspective of sustainable and autonomous regional development.

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certified enterprises which continued in the accompaniment process.

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enterprises showed improvements in: facilities, façades, exhibits, corporate image, production processes, plant distributions, portfolio, packaging, organization, legal, finance, and customer service areas.

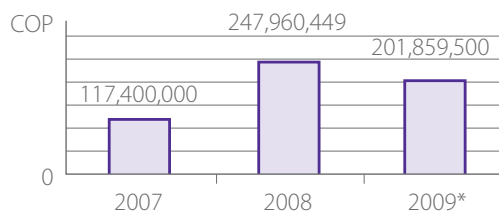
• **Partnership Alliance SENA and PRF**

The training initiative offered by the PRF in alliance with the state institution SENA enabled the broadening of knowledge of 50 people from the Rubiales and St. Helena rural districts, with three courses in agricultural practices. The initiative has facilitated community and partnership between the two rural districts. In this area, the knowledge of the potential to be found in the environmental setting becomes very important and becomes the basic component of the development of productive systems, based on the proper use of the soil. In this process, four types of sustainable programs emerged from the community, with their economic utility geared to the appropriate livelihoods in the region: livestock for meat production, food security, handling of pigs and poultry. As of October 2009, 25 families have benefited.

• **Establishment, follow-up and development of integral farms with indigenous communities**

This project was developed to improve quality of life and to generate food security without detriment to the lifestyles, customs and indigenous traditions in the Unuma, El Tigre and Vencedor Pirirí reservations.

Financial Investment in the integral farms project



*partnership with Cordepaz

• **Institutional strengthening**

In this field, support has been provided to sporting and tourist events, such as the Summer and the Cachama festivals; and the development of tourism has been promoted. The participation of local athletes in national and international sports events has also been supported, with recognition for the municipalities and for Colombia. The PRF has also provided logistical support and medicines for prevention programs; vaccination and other health programs and medical-surgical campaigns have been carried out. In 2009 PRE offered 554 medical check-ups to inhabitants of the Rubiales and St. Helena rural districts and neighbouring reservations.

Abanico Field

In the Abanico Field in 2009, we invested in the following activities:

- Support to the cultural festivities of El Espinal
- Maintenance of the access road to the Divino Salvador Educational Institution in the Agua Blanca Rural District (La Dulce sector)
- Participation with the local government in the construction of the Aqueduct of the Rural District in the La Morena sector
- Support for health campaigns led by the municipal administration through local hospitals, focusing on rural districts
- Fencing jobs for educational institutions in the Agua Blanca rural district (La Dulce sector)
- Support for productive projects in rural districts in which we operate in partnership with the SENA in Brisas del Magdalena

La Creciente

In the La Creciente Field, we made investments in:

- Educational and recreational infrastructure
- Support for the strengthening of the Boards of Directors of Communal Action
- Scholarships for higher education
- Donation of an ambulance to the San Pedro hospital

Moriche Block

Investments made in the Mariara rural district, Paz de Ariporo (Casanare) municipality:

- Construction of a community lunch room in the local school
- Training workshop on royalties with the National Planning Department

Dindal-Rio Seco Block

In this block we made investments in the following:

- Support for the establishment of the Regional Center for Higher Education in the municipality of Guaduas, project led by the local Mayor's Office and the National Ministry of Education
- Partnership with the Mayor's Office of Guaduas for the maintenance of the road that links the Cuatro Esquinas rural district with the national road (Guaduas)
- Support with equipping the volunteer firefighters corps of Guaduas
- Equipping the House of Culture of Puerto Bogotá (Cundinamarca)
- Support to productive projects on dairy products in the La Paz Inspection (Guaduas)
- Contribution for the construction of the auditorium for the Boards of Directors of Communal Action in Guaduas

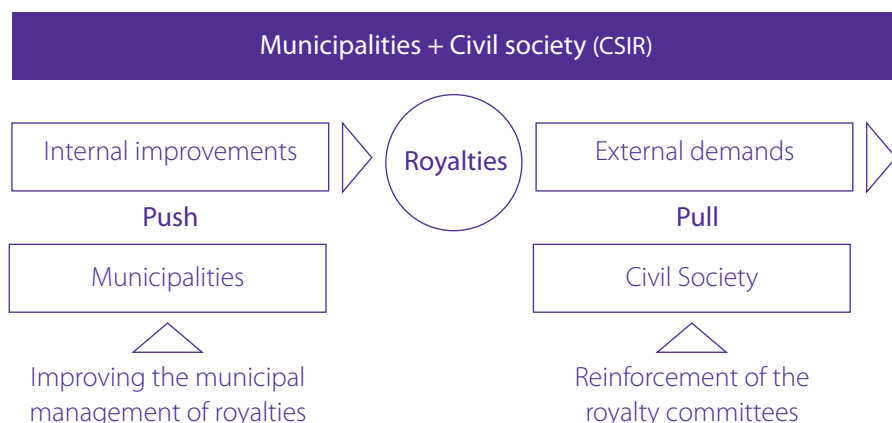
Participation in the Monitoring Committees for the Investment of Royalties (CSIR, its acronym in Spanish)



The CSIR is an autonomous non-governmental body, fostering the participation of civil society, created to contribute to the proper use of royalties. PRE participates in the CSIR for Sucre.

The objective of the CSIR is to monitor and evaluate the investment of monies the territorial entities receive by way of royalties from the exploitation of non-renewable natural resources. This is intended to ensure the efficient use of these monies in the programs and priority projects so that a culture of citizen participation develops.

How does the CSIR work?



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Where are we heading?

Challenges 2010+

To ensure progress in this commitment, these actions will be taken in 2010:

- Develop the strategic framework of the PRF
- Create a system of assessment and management of social investment projects
- Systematize implementation of social investments through a specialized operator
- Strengthen the management of royalties in our areas of influence
- Design and launch a volunteer program involving employees of PRE

The voice of our stakeholders

"PRE has the courtesy and willingness to help the community."

December 9, 2009
Member of the indigenous community
Puerto Gaitán, Meta

Our commitments

Promoting respect for human rights



What is important?

In our analysis of materiality the most relevant issue was our strong stance on promoting human rights. We had the best performance in managing the public and communities impacted by our operations. We see opportunities to improve and innovate in the following issues: maintenance of fair labour standards, human rights codes and policies, and suitable monitoring of the respect for human rights.



Human rights in the value chain

There are two broad categories of human rights. The first covers civil and political rights, and includes the right to life and freedom, equality before the law and freedom of expression. The second contains economic, social and cultural rights, such as work, food, health, education and social security³. As a corporation we comply with all internationally

accepted rules on human rights, including the International Charter on Human Rights and its Universal Declaration of Human Rights, adopted in 1948 by the United Nations. We are also governed by national laws and standards in this regard. In 2009, we can proudly report that there was no violation of human rights in PRE's operations.

³ ISO 26000: Guide on social responsibility – draft of international standard, 2009

Prior consultation with indigenous communities



Since many of our operations in the field are in areas with marginalized populations or those at socially high risk, we take seriously our commitment to comply with the governing law in Colombia, a country with many ethnic and indigenous groups. From the legal point of view we rely on the ILO Convention 169 of 1989 on indigenous and tribal peoples in independent countries, which stipulates that indigenous peoples enjoy fundamental human rights, as does the recognition of their aspirations to assume control of their own institutions. This includes acknowledging and respecting these rights and their rights for consultation and government, their ways of life and their own economic development.

The communities of the Vencedor Pirirí Reservation preserve their traditions and their language, with a population of nearly five hundred people, distributed in thirteen communities or settlements. Meta Petroleum conducted four workshops in development of the consultation process, which integrate the topics of the Sikuaní Plan of Life: territory and cosmo-environment, self-economy, indigenous organization, and world-view and culture.

To ensure an inclusive process, we started with a socio-cultural diagnosis including work in groups and plenary sessions and the subsequent socialization of the results, involving visits to the thirteen communities of the reservation and workshops on the socio-cultural impacts. This way, PRE explained to the community, in a transparent manner, the characteristics of the new project. In turn, an evaluation of the project, its potential impacts and measures for its management were completed.

Mobile playroom promotes human rights among children

The mobile playroom is a project that holds a prominent place regarding human rights. It consists of informing, educating, guiding and strengthening the knowledge and protection of the rights of children, girls and adolescents, through playful and educational activities, thereby helping to help improve the quality of life of the people and communities. Educational institutions, local governments and the communities involved all benefit. The mobile playroom has been used in Guaduas (Cundinamarca) and in Puerto Gaitan (Meta). In 2010 it will be extended to other locations.



Where are we heading?

Challenges 2010+

To ensure progress in this commitment, these actions will be taken in 2010:

- Develop a training program to promote understanding and protection of human rights among our employees, suppliers, contractors and security forces
- Create a code of human rights for employees, suppliers and contractors making our commitment explicit

The voice of our stakeholders

“If we can live our rights, this is development.”

December 9, 2009
Member of the indigenous community of Puerto Gaitán
Puerto Gaitán, Meta

Our commitments

Making PRE a great place to work



What is important?

In our analysis of materiality, among the most relevant issues was the balance between work and personal life and the protection of labour rights. A career plan for the professional development of employees and internal programs for leadership development are also a high priority for our stakeholders, and our management is aligned with those expectations. Emerging opportunities exist in attracting talent, and promoting diversity and inclusion in labour practices and recruitment, which are not yet as important to our stakeholders.



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Management of human resources

Corporate policies on human resources define the strategic steering of employees in line with the needs of the organization. They cover the selection, performance evaluation and competence management processes, as well as development, career, succession and excellence plans. They aim to

attract, retain and motivate the best team, increasing productivity and satisfaction, based on our corporate values. Furthermore, we enhance these measures through virtual media and ensure compliance with labour legislation through internal and external audits.

Development programs for employees

Benefit programs are based on equity, competitiveness, improvement in the quality of life, generation of long-term value, financial security, and protection and assistance for the welfare of the employee and his/her family. Achieving a healthy balance between work and personal life is important to PRE. With events such as the Olympics and the PRE Family Day, we encourage team-building and inclusiveness. We seek to strengthen and develop strategic competencies in our co-workers to grow both personally and professionally. Our program of school opportunities facilitates the professional and technical development of those who are pursuing technological and university careers and postgraduate studies.



Development of employees in the Rubiales Field

In addition to the creation of job opportunities at the Rubiales Field, we are committed to the professional development of our employees, through training and educational programs at different levels, aimed at improving the performance and growth of the individual. They include training in basic primary education and completion of baccalaureate, technical programs, and operator certification. Likewise, annually, we develop English language courses to improve communication skills and teamwork..

Hired work force

Colombia has an important concentration of indigenous communities; hence it is common to find representatives of different ethnic groups on the payroll, both in skilled and unskilled positions. In line with our commitment to local recruitment, 100% of our unskilled work force is hired in the region around our fields, and we extend this commitment to our contractors.

Rubiales Field, Meta

Rubiales Field, our largest producing field, has a very strong impact on the distribution of jobs in the neighbouring region. The rural districts under direct influence of the field are Rubiales and Santa Helena. In 2009, our recruitment is summarized as follows:

Organizational culture

In 2009 we began a process of strong organizational change. After several corporate mergers, we must unite as one team and one company with common objectives. We started with an exercise in self-diagnosis to identify our current and desired culture. We carried out the exercise with the participation of 78% of our employees, representing different sectors of our business according to the Denison model. This consisted of electronic surveys, focus groups and comparative assessment of other companies. Undoubtedly, sustainability constitutes a permanent aspect of the culture that we want to create, and we will focus on it as part of the transformation plan (see “Where we are heading? Challenges 2010+” in this chapter).

Local jobs Rubiales Field

Skilled direct jobs	71
Skilled jobs in companies that are contractors of PRE	365
Unskilled jobs	2,144
Total local jobs	2,509

La Creciente Field, Sucre

At our natural gas operation at La Creciente Field we have contributed to job creation in the municipalities of San Pedro, Los Palmitos, Sincé, Ovejas and Buenavista, which are part of its area of operations. We hired a total of 35 new employees from the skilled work force (MOC), among which are welders, foremen, pipefitters, auxiliary nurses, technical assistants and painters. The unskilled workforce breaks down as follows:

Local Jobs La Creciente Field

Activity	Number of persons (MOC)
Production	60
Civil engineering works on different contracts	80
Forestation	24
Total	164

Abanico field, Tolima

The Abanico oil field, located in the municipality of El Espinal, department of Tolima, has a significant local work force from the following rural districts in which we operate:: Agua Blanca (La Dulce sector), La Morena Alta, Agua Blanca Baja (La Morena sector), La Joya, and Santa Ana. In 2009, we hired as follows:

Local jobs Abanico Field

Activity	Number of persons
Unskilled labour and skilled work force	188
Security	30
Drivers	15
Total	233



Where are we heading?

Challenges 2010+

To ensure progress in our commitment, we will take these actions in 2010:

- Sensitize, train and communicate the concept of sustainability and its application to the various employees of PRE
- Integrate sustainability in the plans, communications and initiatives of corporate culture that uses human talent
- Expansion of development programs for leaders and individuals

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The voice of our stakeholders

"My relationship with PRE is very good. I strive to improve this company; I offer all my skills. I am aware of my commitment each day to make it better."

December 9, 2009
PRE Employee
La Creciente Field, Sucre

Our commitments

Strengthening health and safety in our operations



What is important?

Of all our commitments to sustainability, the management level of this is among the most advanced. According to our analysis, our performance indicators were very high in 2009 in these, the most relevant issues:

- Corporate policies on health and safety
- Security management systems
- Quality of health programs and insurance for our employees

Our stakeholders believe that the most relevant issue related to this commitment is the adequate training of employees, suppliers and contractors in matters of health and safety, and here we believe that there is still room for improvement.



Corporate Health and Safety Policy

In the chapter “Operate in harmony with the environment” we presented our HSEQ policy, which provides guidelines for the management of health, safety and the environment.

Integrated management and certification system

In 2009, we achieved certification in the areas of environment and industrial safety and occupational health management under the standards of the ISO 9001, ISO 14001 and OHSAS 18001.

Health and safety management system

We are committed to the identification, assessment and control of risks, hazards and impacts that threaten health and safety at work and in the environment. Therefore, we have undertaken measures and practices that contribute effectively to the prevention of diseases, accidents and the impact on the environment. We have in place the physical means and human talent to investigate, respond and take corrective measures and preventive care to avoid at all costs incidents in matters of HSEQ. A master plan is in place for the proper handling of human health emergencies, fires, terrorist attacks, spills, and transportation.

Our goal is to work in an environment free of incidents, which allows the maintenance of quality of life for employees. Furthermore, we strive to reduce the frequency of incidents arising from unsafe practices at work, to levels below the average for the oil industry. We operate and develop products with a preventive approach, in compliance with environmental obligations, ensuring the protection of the health and safety of people, and in alignment with the requirements of our customers. Our system of hazard identification, risk assessment and determination of controls helps us to achieve this.

For all specialties that integrate management and control on HSEQ matters, we have developed programs to adequately meet the needs of the organization:

- **Industrial safety:** road safety, critical tasks, skill development and personal protection
- **Occupational health:** preventive medicine, industrial hygiene and work medicine
- **Environment:** rational use of resources, management and proper disposal of waste, vegetation recovery and landscaping
- **Quality:** integral follow-up to management indicators oriented towards the continuous improvement of processes

Objectives of our integrated HSEQ system

- Manage environmental aspects and impacts
- Operate equipment safely
- Follow-up on improvement in implementations

HSEQ Management programs

We have identified and established reaction mechanisms to possible medical, environmental or infrastructure emergencies that may arise in the field. These include medical attention and evaluation, classification and reporting of incidents, land and air transfer, follow-up of the clinical case, investigation and subsequent reports.

HSEQ Programs

<ul style="list-style-type: none"> • Solid waste management and disposal • Use and management of water and energy • Vegetation recovery and landscaping • Management and monitoring of atmospheric emissions 	Programs focused on the main environmental aspects detected (regardless of the administrative management and legal requirements)
<ul style="list-style-type: none"> • Industrial safety • Road safety • Safety based on behaviour 	Three industrial safety programs focused on main risks, risk of road incidents and creating a safety culture
<ul style="list-style-type: none"> • Occupational health 	Activities relating to preventive and occupational medicine, industrial hygiene and activities joined together with industrial safety
<ul style="list-style-type: none"> • Follow-up with contractors 	HSEQ contractual annex, legal audits, audits, insurance, planned and unplanned inspections, meetings with contractors
<ul style="list-style-type: none"> • Improvement program 	Follow-up of non-conformances, management indicators through Balanced Score Card, follow-up of programs, implementation of follow-up software.

Results in HSEQ

Type of incident	Incapacitating injuries	Non-incapacitating injuries	Vehicular incidents
Total number in 2009	13	101	7
% reduction relating to 2008	55	34	82
% reduction of the frequency index in relation to the 2009 goal	64	47	91

Management of inspections and audits

This program is developed through two areas: an internal program, which allows for verification of compliance with set standards and defining the actions we must take to ensure our improvement. The external one focuses on contractors, to ensure that they meet both the requirements of Colombian law and the commitments assumed by the company in the contracts we enter into.



Training and dissemination of health and safety

We understand that the culture of the organization is the basis of corporate success. Therefore, to influence the behaviour and performance of our employees and contractors, different media have been established to spread its message: introduction to the organization, direct delivery of brochures and documents, informative talks, HSEQ campaigns and meetings, inspections and audits for the transmission and confirmation of their implementation. To obtain the proper answer to health and safety issues, our approach is to encourage participation and consultation - our training sessions have a 100% participation level among all our direct employees. The modules vary according to the needs of each field or operational block, based on their daily work. In the case of absenteeism, the training is repeated to give all employees the opportunity to participate. Furthermore, we invite our suppliers and permanent contractors to the same training as our employees.

Where are we heading?

Challenges 2010+

To ensure progress in this commitment, these actions will be taken in 2010:

- Review the housing conditions of workers in our fields
- Strengthen existing training programs on health and safety to cover suppliers, contractors and security forces, as well as our employees

The voice of stakeholders

“Better planning to avoid improvisation when developing projects are very important aspects for preserving our health and safety. “

November 18, 2009
PRE Employee
Rubiales Field, Meta

Our commitments

Reinforcing sustainability of the value chain



What is important?

In our analysis of materiality the most relevant issues turned out to be criteria for selecting suppliers and contractors who value the environmental, social and economic sustainability of their businesses. Another issue is the code of conduct for suppliers and contractors. These are two areas in which we can improve and which are important for our stakeholders. Our suppliers and contractors want us to continue our professional development programs for them, which are innovative and material to our success.

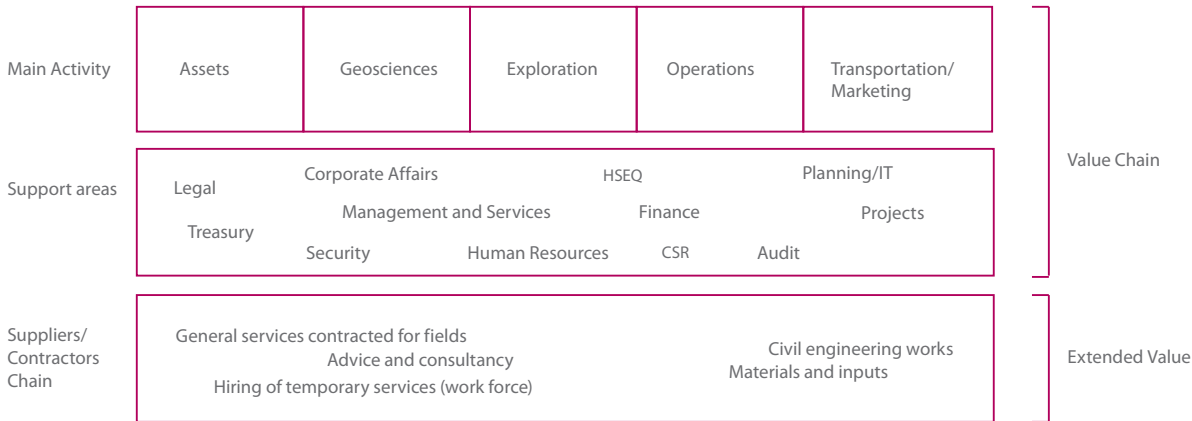


Management of our value chain

At PRE, much of our business is in the extended value chain, i.e. through third parties we hire to provide essential goods and services for our operations. Since we have 826 direct employees versus thousands of outsourced employees, good management of this chain results in our commercial success in the long term. Needless to say, our contractors and suppliers are also the face of PRE, and sometimes are the only representatives of the company that our external

stakeholders get to know. Therefore, we demand that their behaviour and methods of doing business is completely aligned with our Code of Ethics and Business Conduct, our sustainability policy and our health and safety practices. Such an important group deserves a high level of attention, fair treatment and decent working conditions with respect to the goods or services that each one provides us.

Our value chain



Contracting and procurement

With regard to sustainability in particular, the CSR annex is included in every contract PRE signs with any provider or contractor. It manifests itself in our values and sustainability policy and expresses our expectation that every contracting party must fulfill sustainable practices in its operations. In addition, it governs local procurement and recruitment of the skilled and unskilled work force. We emphasize the procurement of goods and services from local suppliers, provided they meet quality and quantity requirements, and we expect the very same thing from our contractors. In addition, our contractors and subcontractors assess the performance of their skilled and unskilled workers, to improve and develop the quality of life of all our co-workers. We believe that the distribution of economic opportunities is our most important contribution to the sustainable development of the communities.

procedure, they are re-qualified biannually according to the following categories:

- Compliance with technical specifications
- Compliance with contractual deadlines
- Compliance with administrative issues
- Performance with regard to quality assurance and integrity of assets
- Performance with regard to health, safety and environment
- Compliance with regard to sustainability

Non-compliance or low scores on these issues can be criteria for selecting a current provider for future contracts or for early termination of a contract. In addition, we plan regular visits to suppliers and contractors, to train and propose improvement plans to correct breaches or errors in the qualification procedure.

Evaluation of the performance of suppliers and contractors

To ensure the proper fulfillment of contracts and a satisfactory level of services in our value chain, our Procurement and Contracting Managers implement a procedure to qualify the contractor or supplier, measure its performance, carry out its follow-up, implement improvement plans and define consequences arising from its rating. According to this

Development of suppliers and contractors

Although we do not yet have a structured global training program for our suppliers and contractors in their various areas, we invite our permanent contractors to attend our training sessions in health and safety. We believe that their participation is vital for the optimal performance of all and, at the same time, we recognize the importance of strengthening our programs throughout the value chain (see our future plans under “Where are we heading?”).

Where are we heading?

Challenges 2010+

To ensure progress in this commitment, these actions will be taken in 2010:

- Carry out a "Responsible Contractors" contest to encourage and recognize the good environmental, social and innovation practices in our extended value chain
- Conduct regular workshops for innovation and resolution of problems with our contractors on current issues throughout our chain of operations
- Map the actions and risks in our value chain
- Create a code of conduct for suppliers and contractors that includes sustainability criteria

In 2011:

- Train PRE's suppliers, contractors and buyers with respect to the code of conduct
- Integrate the code of conduct in the process of selection, evaluation, and interaction with suppliers and contractors, in the procurement criteria and in our incentive systems
- Integrate sustainability criteria with the existing internal audit system

In 2012:

- Prepare and strengthen ourselves internally for certification of the SA8000 standard in labour practices



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The voice of our stakeholders

"One must look at the investment in security vs. selection of contractors in the first place. Investing in the strategic selection of people from the beginning leads to reduced investment in security afterwards."

November 19, 2009
PRE Contractor
Rubiales Field Meta

API: API degree represents the weight ratio of an oil product with that of the water. If it weighs less than water (and therefore floats), the API degree is greater than 10. The API degrees less than 10 weigh more than water and sink (American Petroleum Industry)

Bbl: Barrel of oil

bbl/d: Barrel of oil per day

boe: Barrel of oil equivalent. The conversion ratio of 6,000 cubic feet (Mcf) of natural gas: 1 bbl of crude oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

boepd: Barrel of oil equivalent per day

bopd: Barrels of oil per day

CEO: Chief Executive Officer

Ceres: Regional Higher Education Centers

CFO: Chief Financial Officer

CMPA: Fuel oil for engines

COP: Colombian Peso

COPASO: Peer Committee on Occupational Health

CSIR: Monitoring Committee to the Investment of Royalties

CSR: Corporate Social responsibility

E&P: Exploration and production

G&A (expenses): General and administrative expenses

GRI: Global Reporting Initiative

HSEQ: Health, safety, environment and quality

ILO: International Labour Organization

kbwpd: Thousands of barrels of water per day

L/s: Liters per second

kJ: Kilojoule

mmbbl: Million barrels

MOC: Skilled work force

MONC: Unskilled work force

MW: Megawatts

ODL: Oleoducto de los Llanos

ONF Internacional: French National and International Forestation Agency. A study with international experience in environment, specialized in the sustainable management of ecosystems (especially forests) and the fight against the greenhouse effect

PRE: Pacific Rubiales Energy

PRF: Pacific Rubiales Foundation

SENA: National Learning Service (Colombia)

SME: Small and medium-sized enterprises

USD: US dollar

2P: Proved + Probable reserve

Glossary of terms

Appraisal well: a well that is drilled as part of a program to determine the size and the production of an oil or gas field

Biodiversity: the variety of life in all its forms, levels and combinations. Includes diversity of ecosystems, species diversity and genetic diversity^a.

Carbon footprint: the totality of greenhouse gases (GHG) emitted by way of direct or indirect effect by an individual, organization, event or product (Source: UK Carbon Trust 2008)

Chairman: highest office in a group, such as a board, committee or assembly

Consistency: activities carried out in reference to the regulatory framework defined by the organization

Communication on Progress: document delivered annually to the United Nations by an entity signatory of the Global Compact that identifies its progress in the subjects of the same

Copaso: in accordance with Resolution 2013 of 1986 of Colombia, it constitutes an important means to promote Occupational Health at all levels of the company, seek agreements with the directives and those responsible for the Occupational Health Program on the basis of the attainment of specific goals and targets, dissemination and sustenance of healthy practices and motivate the acquisition of safe habits

Corporate social responsibility (CSR): see sustainability.

Corruption: the abuse of a power granted, with the purpose of making a private profit; e.g. bribes (requesting, offering or accepting a bribe) or to public officials or bribery in the private sector, conflict of interest, fraud, money laundering and spoils system^a.

Engagement (of stakeholders): activity carried out to create opportunities for dialogue between an organization and one or more of its stakeholders, with the objective of providing an informed basis for the decisions of the organization (engagement)^a.

Environment: natural environment in which an organization operates, including air, water, soil, natural resources, flora, fauna, individuals and their interrelations^a.

Environmental value: value appertaining to the quality of the environment and natural resources one has at one's disposal.

Ethics: set of standards defined by PRE which constitutes the framework of action for individuals who are part of the organization

Exploratory well: first well that is drilled with the purpose of finding oil or gas in a place considered favourable for the existence of hydrocarbons

Global Compact: international initiative proposed by the United Nations whose purpose is to achieve a voluntary commitment of public and private entities in social responsibility, by means of the implementation of ten principles regarding human, labour, environmental rights and fight against corruption

Global Reporting Initiative (GRI): global organization which proposes the most generally accepted framework for drafting sustainability reports on the economic, environmental and social performance of an organization. The framework is comprised of the Guide to drafting sustainability reports, the protocols on indicators, the technical Protocols and the sector Supplements and was developed after consultation with multiple stakeholders at international level. www.globalreporting.org^c

Greenhouse gases (GHG): any of the airborne gases that contribute to the greenhouse effect absorbing the infrared radiation caused by the solar heating of the surface of the earth, including carbon dioxide (CO₂) methane (CH₄), nitrous oxide (NO₂), and water vapour. While they exist naturally in the atmosphere, the high levels of CO₂ and CH₄ in particular that have been recorded in recent decades are directly related, at least in part, to human activities such as the consumption of fossil fuels and deforestation in tropical forests

GRI technical protocol: document that provides specific indicators on some aspects of the drafting of sustainability reports, such as for example the delimitation of the scope of the report^c

Governance, corporate governance: system whereby an organization takes and implements decisions in order to achieve its objectives^a

Human rights: rights that all people have, by virtue of their common human condition, to live in freedom and with dignity. All people have the right to demand that such are respected, as such are universal, inalienable and indivisible. They reflect the deep commitment to ensure that all people have the assurance to enjoy the goods and freedoms necessary for a dignified life

Interest group: individuals, groups or organizations that have influence on an organization or are affected by the decisions taken by such organization (stakeholders)

Impact: positive or negative change that is generated in society, the economy or the environment, produced, in whole or in part, as a result of the past and present activities and decisions of an organization^a

Inclusiveness: the participation of its stakeholders in the development and achievement of a responsible and strategic response toward sustainability. It requires a defined process of involvement and participation providing full and balanced relations, which generates as a result, strategies, plans, actions and consequences to deal with and respond to the issues and impacts from a responsible perspective^b

Influence area: the definition and determination of this area around our operations are based on the environmental and social considerations justifying the interrelationship of the activities of construction, preservation, exploration and production. The areas of direct and indirect influence are determined by environmental and social criteria established by PRE according to the level of impact that we have in a rural district, parish, reservation or given land. They take preference and benefit in terms of recruitment of unskilled work force and our social investment projects

Involvement (of stakeholders): activity carried out to create opportunities for dialogue between an organization and one or more of its stakeholders, with the objective of providing an informed basis for the decisions of the organization (engagement)^a

Materiality: technical term that refers to the relevance and the need to prioritize in the management matters that will influence the decisions, actions and performance of an organization or its stakeholders^b

Prior consultation: law 21 of Colombia of 1991 that approved the Convention 169 of 1989 of the International Labour Organization, states that governments have an obligation to "consult the peoples concerned, through appropriate procedures and in particular through their representative institutions, each time legislative or administrative measures are foreseen which may affect them directly"

(Private) social investment: voluntary distribution of private resources of companies or corporate foundations, in a planned, monitored and systematic fashion for social, environmental and cultural projects of public interest

Recovery rate: percentage of oil extracted from a well

Relevance: see materiality

Response capacity: the response of an organization to the issues of stakeholders that affect its performance in matters of sustainability. Reflects how an organization responds to its stakeholders, and is accountable to them; it is carried out through decisions, actions and performance, as well as through communication with stakeholders^b

Sustainability: a way of conducting our business in a transparent and inclusive fashion of all our stakeholders, which generates wealth and contributes to the sustainable development of society in harmony with our environment

Social value: value pertaining to the quality of life of people but that cannot be measured in economic terms. Indicators may include social capital, structures, institutions, networks and relationships that allow individuals to become more productive and to maintain-develop their human capital through collaboration

Social license, license to operate: the continuous acceptance and approval within the local community and other stakeholders. Unlike the legal license to operate, it is granted by the local community, intangible and rooted in the belief system, perceptions and views of the local population and other stakeholders on a project

Sustainable management: management that takes into account the results of the organization in terms of the triple account (economic, environmental, social)

Sustainable development: development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Source: Brundtland Commission, 1983)

Sustainability report: the practice of measuring, reporting and assuming responsibilities on the performance of the organization while working toward the goal of the sustainable development. It offers a balanced and reasonable image of the sustainability performance of the reporting organization, including contributions both positive and negative. It presents the results that have been obtained within the corresponding reporting period, in response to the commitments, the strategy and the management approach adopted by the organization^c

Transparency: a principle which allows those who are affected by administrative decisions, business transactions or philanthropic intervention to know not only the basic facts but also the mechanisms and processes. It is the duty of the public officials, managers, and trustees to act with visibility, predictability, and in a comprehensible fashion^a

Value chain: complete sequence of activities or parties that provide (suppliers, subcontracted workers and others) or receive (customers, consumers, other users) value in the form of products or services
Verification: establishing or proving that something is true, accurate or justified^a

^a Source: Draft of the ISO 26000 international standard on social responsibility (2009).

^b Source: "AA1000APS Rule of Accountability Principles" (2008).

^c Source: "Guide for drafting sustainability memoirs" of the Global Reporting Initiative (version G3 - 2006).

GRI Table

#	Indicator	Page	Comment
1. Strategy and Analysis			
1.1	Statement of relevance of sustainability for the company	1	
1.2	Main impacts, risks, and opportunities related to sustainability	12	
2. Organizational Profile			
2.1	Name of the organization		
2.2	Primary brands, products, and/or services	9	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	14	
2.4	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures		220 Bay Street Suite 1400 Toronto, Ontario, Canada M5J 2W4*
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	9	
2.6	Nature of ownership and legal form	9	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	9	
2.8	Scale of the reporting organization	9	
3. Report Parameters			
	Profile		
3.1	Reporting period	6	General Communications for PRE: comunicaciones@pacificrubiales.com.co Communications concerning sustainability and/or this report: sostenibilidad@pacificrubiales.com.co
3.2	Date of most recent previous report		
3.3	Reporting cycle		
3.4	Contact point for questions regarding the report or its contents		General Communications for PRE: comunicaciones@pacificrubiales.com.co Communications concerning sustainability and/or this report: sostenibilidad@pacificrubiales.com.co
	Report Scope and Boundary		
3.5	Process for defining report content	6	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	6	
3.7	State any specific limitations on the scope or boundary of the report	6	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations		It is reported only on businesses with PRE's interest of 100 percent
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report		It is being reported based on international parameters and based on parameters built by the company according to the nature of its business. In case there are significant deviations from the technical protocols of the GRI it is mentioned in the comment of the GRI table.
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)		This report is PRE's first GRI report
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report		This report is PRE's first GRI report
	GRI Content Index		
3.12	Table identifying the location of the Standard Disclosures in the report	60	
	Assurance		
3.13	Policy and assurance of the report		This report has no external verification, this is considered to be done in future reports
4. Governance, Commitment and Engagement			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	14	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	15	
4.3	The number of members of the highest governance body that are independent and/or non-executive members	15	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body		To date this procedure is not available. In the future the feasibility of implementing this initiative will be studied.
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)		This information is found in the corporate governance policy in the Corporate Governance section
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided		This information is found in the corporate governance policy in the Corporate Governance section
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics		This information is found in the corporate governance policy in the Corporate Governance section

GRI Table

4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	9 & 18	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	19	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance		Currently there are no mechanisms for the self-evaluation of the Board of Directors. In the future the feasibility of implementing such will be studied
Commitments to External Initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	27	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	41	
4.13	Memberships in associations and/or national/international advocacy organizations in which the organization has positions in governance bodies		Colombian Oil Association (ACP), National Association of Industrialists (ANDI - Colombia), Canadian Business for Social Responsibility (CBSR), founding member of the Regional Network of the Global Compact in Latin America and the Caribbean, Monitoring Committee to the Investment of Royalties (CSIR)
Stakeholder Engagement			
4.14	List of stakeholder groups engaged by the organization	12	
4.15	Basis for identification and selection of stakeholders with whom to engage	13	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	13	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	13	
Economic Performance Indicators			
	Aspect: Economic performance		
EC1	Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	23	This indicator is calculated, we expect to be able to report in detail next year in this respect
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change		This indicator is not currently calculated, it is expected to report such in the following reports
EC3	Coverage of the organization's defined benefit plan obligations		PRE complies with the law in the countries where it operates. In Colombia it affiliates its employees to pension plans regulated by the government
EC4	Significant financial assistance received from government		This indicator is not currently calculated, it is expected to report such in the following reports
	Aspect: Market presence		
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation		100 percent of our employees are hired above the legal wages in force
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	54	We report our policies and practices
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	46	We report on procedures for local hiring. The proportion of senior management coming from the local community is not calculated
	Aspect: Indirect economic impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	38	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts		This indicator is not currently calculated, it is expected to report such in the following reports
Environmental Performance Indicators			
EN1	Materials used by weight or volume		This indicator is not currently calculated, it is expected to report such in the following reports
EN2	Percentage of materials used that are recycled input materials		This indicator is not currently calculated, it is expected to report such in the following reports
	Aspect: Energy		
EN3	Direct energy consumption by primary energy source		We report our direct energy consumption in the Rubiales Field
EN4	Indirect energy consumption by primary source		This indicator is not currently calculated, it is expected to report such in the following reports
EN5	Energy saved due to conservation and efficiency improvements	31	We describe our policies.
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives		This type of initiatives are not part of PRE's current strategy
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	5C	
	Aspect: Water		
EN8	Total water withdrawal by source	30	The total withdrawal of water in the fields was calculated
EN9	Water sources significantly affected by withdrawal of water		This indicator is not currently calculated, it is expected to report such in the following reports

GRI Table

EN10	Percentage and total volume of water recycled and reused		This indicator is not currently calculated, it is expected to report such in the following reports
	Aspect: Biodiversity		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	28	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	28	
EN13	Habitats protected or restored	28	We report our initiatives and the extent of reforested areas
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	28	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		We are in the process of calculating this indicator; it is planned for March 2010 and it is expected to report such in the following reports
	Aspect: Emissions, effluents and waste		
EN16	Total direct and indirect greenhouse gas emissions by weight	31	We report on greenhouse gas emissions of the Rubiales Field
EN17	Other relevant indirect greenhouse gas emissions by weight		This indicator is not currently calculated, it is expected to report such in the following reports
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	31	
EN19	Emissions of ozone-depleting substances by weight	31	We report on our initiative of an inventory of ozone-depleting substances
EN20	NOx, SOx, and other significant air emissions by type and weight		This indicator is not currently calculated, it is expected to report such in the following reports
EN21	Total water discharge by quality and destination		We are currently consolidating this indicator
EN22	Total weight of waste by type and disposal method	31	
EN23	Total number and volume of significant spills		In 2009 there were no significant accidental spills
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally		This indicator is not currently calculated, it is expected to report such in the following reports
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff		This indicator is not currently calculated, it is expected to report such in the following reports
	Aspect: Products and services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation		This indicator is not currently calculated, it is expected to report such in the following reports
EN27	Percentage of products sold and their packaging materials that are reclaimed by category		This indicator is not currently calculated, it is expected to report such in the following reports
	Aspect: Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		The total cost of fines in 2009 was of COP 186.158.244
	Aspect: Transport		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	31	
	Aspect: Overall		
EN30	Total environmental protection expenditures and investments by type		Currently this indicator is not consolidated, it is expected to report such in the following reports
Labor Practices and Decent Work Performance Indicators			
	Aspecto: empleo		
LA1	Total workforce by employment type, employment contract, and region		By contract type: 826 direct employees (full time and permanent, inc. corporate employees in Canadá), 197 temporary employees, 31 interns. Of the 817 direct employees (excluding corporate employees in Canadá), we have 628 men and 189 women. 451 are located in Bogotá and 366 are located in the field.
LA2	Total number and rate of employee turnover by age group, gender, and region		This indicator is not currently consolidated, it is expected to report such in the following reports
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations		Currently this indicator is not consolidated, it is expected to report such in the following reports
	Aspect: Employment		
LA4	Percentage of employees covered by collective bargaining agreements		At PRE we respect the freedom of association and collective bargaining rights of our employees, however, to date no union or collective agreement has come into existence
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements		Currently this indicator is not consolidated, it is expected to report such in the following reports
	Aspect: Occupational health and safety		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs		We comply with the governing law. PRE has Copaso
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region		Currently this indicator is not consolidated, it is expected to report such in the following reports
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	46	

LA9	Health and safety topics covered in formal agreements with trade unions		At PRE we respect the freedom of association and collective bargaining rights of our employees, however, to date no union has come into existence
	Aspect: Training and education		
LA10	Average hours of training per year per employee by employee category		Currently this indicator is not consolidated, it is expected to report such in the following reports
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	46	
LA12	Percentage of employees receiving regular performance and career development reviews		Currently this indicator is not consolidated, it is expected to report such in the following reports
	Aspect: Diversity and equal opportunity		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity		Currently this indicator is not consolidated, it is expected to report such in the following reports
LA14	Ratio of basic salary of men to women by employee category		Currently this indicator is not consolidated, it is expected to report such in the following reports
Human Rights Performance Indicators			
	Aspect: Investment and procurement practices		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening		100 percent of the new contracts include the CSR annex and we demand full compliance with the terms of the same
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken		Currently we do not have this practice
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		Currently this indicator is not consolidated, it is expected to report such in the following reports
	Aspect: Non-discrimination		
HR4	Total number of incidents of discrimination and actions taken		Currently this indicator is not consolidated, it is expected to report such in the following reports
	Aspect: Freedom of association and collective bargaining		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights		We have work regulations in place, circulated to all our employees, explaining the labor rights everyone has
	Aspect: Child labor		
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor		We have work regulations in place, circulated to all our employees, explaining the labor rights everyone has
	Aspect: Forced and compulsory labor		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor		We have work regulations in place, circulated to all our employees, explaining the labor rights everyone has
	Aspect: Security practices		
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations		Currently this indicator is not consolidated, it is expected to report such in the following reports
	Aspect: Indigenous rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken		We had 0 incidents of this kind in 2009
Society Performance Indicators			
	Aspect: Community		
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	20	
	Aspect: Corruption		
SO2	Percentage and total number of business units analyzed for risks related to corruption		Currently we do not have this practice
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures		Currently the Corporate Audit staff (6 people, plus two in the hiring process) receive this type of permanent trainings, in order to be able to implement such inside the company.
SO4	Actions taken in response to incidents of corruption		Currently this indicator is not consolidated, it is expected to report such in the following reports
	Aspect: Public policy		
SO5	Public policy positions and participation in public policy development and lobbying		Currently this indicator is not consolidated, it is expected to report such in the following reports
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country		Currently this indicator is not consolidated, it is expected to report such in the following reports
	Aspect: Anti-competitive behavior		
SO7	Total number of legal actions for anti- competitive behavior, anti-trust, and monopoly practices and their outcomes		This year we did not have to take any action of this kind
	Aspect: Compliance		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non- compliance with laws and regulations		Currently this indicator is not consolidated, it is expected to report such in the following reports

Product Responsibility Indicators			
	Aspect: Customer health and safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures		Currently this indicator is not consolidated, it is expected to report such in the following reports
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes		Currently this indicator is not consolidated, it is expected to report such in the following reports
	Aspect: Product and services labeling		
PR3	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		We observe the governing law
PR4	Total number of breaches of the regulation and the voluntary codes pertaining to information and labeling of products and services, distributed depending on the type of outcome of such incidents		There was no breach
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction		Currently we do not have this practice
	Aspect: Marketing communications		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship		Currently this indicator is considered non-material
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes		Currently this indicator is considered non-material
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		Currently this indicator is considered non-material
	Aspect: Compliance		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		There were no fines



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